



Allianz Group Sustainability Report 2021

Building confidence in tomorrow



Our internal purpose, 'We secure your future', expresses our reason for being. It guides our decisions and actions across the Allianz Group.

This purpose drives us to shape a better tomorrow where people have more hope than fear through constant innovation and collaboration.

This report brings together our strategy, ambition, commitments, and contributions to shape a more sustainable future and showcase how we are...

Building
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Disclaimer regarding rounding

Due to rounding, numbers presented may not add up precisely to the totals presented and percentages may not precisely reflect the absolute figures.

About this report

Allianz Group Accounting and Reporting Remit

As of the reporting cycle 2021, in line with our sustainability integration approach, responsibility for sustainability reporting shifted from Global Sustainability to Group Accounting and Reporting, which collaborates closely with Global Sustainability to produce this report.

Our reporting approach

Reflecting our ambition to be the most trusted financial institution, we reflect our values of integrity, competence and resilience in our reporting.

The content of this report is focused on the requirements of our stakeholders, relevant regulations, and sustainability rating and benchmarking providers. It focuses on the concepts and key performance indicators (KPIs) that reflect our most material sustainability issues and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards – core option. We are also assessing the option of Integrated Reporting and, as a first step, include a highlights KPI table which follows the International Integrated Reporting Council (IIRC) logic.

[For more details, please see section 01.7 2021 Reporting highlights](#)

We believe targets and performance information are essential for enhancing the quality, reliability and comparability of sustainability reporting. We are committed to disclosing data more meaningfully to improve our sustainability disclosures for internal decision-making and for our external stakeholders. As an investor, we also rely on this type of information to integrate sustainability into our core business activities.

As part of this commitment, following the description of our sustainability approach and strategies, we have changed the structure of the main parts of our annual sustainability report to cover two main sections, both of which we consider equally important in terms of communicating our approach to material sustainability issues:

Measuring and managing our sustainability performance

Covering material topics and public targets and commitments that are integrated across Allianz and where we have established quantitative targets, KPIs and performance data.

Strengthening our foundation

Covering material topics and other topics related to ratings performance that are evolving towards fuller integration across Allianz and where our targets, KPIs and performance are continuing to evolve.

[For further information about your approach to reporting, please see section 05.2 How we report: transparent reporting, ratings and performance](#)

Communicating our performance

We simplify communication of our performance in several ways:

Through tables and charts throughout the report;

- References to GRI standard disclosures are tagged using this icon
- Data tables in the beginning of each major chapter, which are referenced using a circle icon (**example: Table ESG-1**).
- Case study content is referenced using the magnifying glass icon.

Our reporting ecosystem

We place a premium on transparency and easy-to-find content. This report is part of a broader reporting ecosystem which covers sustainability topics relevant to Allianz Group. This year's publications include:



Non-financial Statement

Based on European Non-Financial Reporting Directive and non-binding guidelines for non-financial reporting.

[Download the report](#)



Non-financial Supplement

Complete overview of sustainability-related KPIs. Published in Excel and Pdf format.

[Download the document as a Pdf](#)

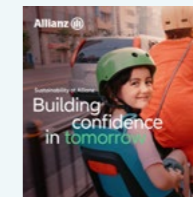
[Download the document as an Excel](#)



Analyst Presentation

Presentation of Group financial results including non-financial KPIs to analysts.

[Download the presentation](#)



Sustainability Factbook

We also publish our Sustainability Fact Book outlining the key points of our strategy and achievements.

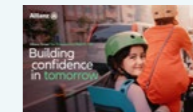
[Download the report](#)



People Factbook

Key Human Resources facts and figures, achievements in 2021 and an outlook for 2022.

[Download the report](#)



Tax Transparency Report

Find out more about our approach to taxes and relevant tax data on a country-by-country basis.

[Download the report](#)

[You can find out further sustainability reports and publications in the download center on our website.](#)

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01 Introduction



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Every day, Allianz strives to earn the trust placed in us by our stakeholders and honor the role our company plays in society by truly living our purpose: Allianz is here to secure your future.

Having stepped up to meet the challenges affecting the course of our planet, I am pleased to say that the broad range of Allianz’s sustainability efforts was recognized by highly respected external observers and through rigorous rating methodologies. To name only one example, we received the top rating in the 2021 Dow Jones Sustainability Index.

Over the course of 2021, a year once again dominated by the COVID-19 pandemic and its ensuing economic implications for individuals and communities, Allianz stood reliably at the side of our clients, our employees, and our shareholders.

In February 2022, when Russia invaded the democratic and independent nation of Ukraine, we made clear that Allianz stands with the free world. We stand with all people who believe in open and free societies, with all our employees, and with all people affected by these events. To underscore our support, we immediately earmarked donation funds totaling € 10 million for humanitarian needs and promised an additional € 2.5 million to match our employees’ and tied agents’ donations. As of March 31st 2022, our employees and tied agents have personally donated over € 1 million. The generosity of our people is only rivalled by their ingenuity, which is apparent in a range of business solutions to help humanitarian efforts in the affected region and neighboring countries.

Allianz made good progress on climate ambition

2021 was another year where the climate predictions of science manifested in reality: the world is heating too fast and is becoming less resilient to more extreme weather in the form of storms, floods, heat waves and forest fires.

Recent events have redoubled focus on renewable energy, on the importance of solving the climate crisis and on the pursuit of a net-zero world to which Allianz has committed as part of the net-zero objective of Paris Climate Agreement. But decarbonization alone is not enough – we must address the social issues emerging from the net-zero transition particularly in view of rising energy and food prices, further exacerbated from the invasion of Ukraine.

For our Allianz investments, climate was again on top of the agenda: COP26 brought together governments and the industry on climate and regulation is increasingly focusing on the issue. Allianz believes public-private and peer partnerships are key to battle the climate challenges. We chair the U.N.-convened Net-Zero Asset Owner Alliance (AOA), by far the largest initiative in terms of true commitments towards a net-zero environment. The AOA was prominent at COP26 as it is the first public-private and peer alliance setting short-term (2025) targets for the decarbonization of investments. Within this context, Allianz in January 2021 announced concrete targets for 2025.

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Broadening the net-zero commitments to insurance and asset management is an important element of our strategy. Therefore, Allianz also became a founding member of the U.N.-convened Net-Zero Insurance Alliance (NZIA) and our asset manager Allianz Global Investors became a member of the Net-Zero Asset Managers initiative during 2021. Our insurance entities focus on climate risk management and aspire to use our insurance expertise to support the transformation of different sectors and customers towards net-zero. With natural catastrophes hitting communities around the world, we stood by our customers, notably the major floods across Europe caused by storm "Bernd". We unbureaucratically covered more than 20,000 claims with an amount of more than € 1 billion.

The Allianz organization delivered on its climate targets: in 2021, we reduced the greenhouse gas emissions (GHG) per employee and increased renewable energy, ahead of our targets. This was mainly driven by lower energy use and more renewable electricity, as well as low business travel emissions, including effects from COVID-19 measures.

Caring for our people

The Allianz organization prizes its employees and customers and cares for them accordingly: Convinced that vaccination will help the return to normality happen sooner, Allianz has conducted vaccination campaigns in 16 countries (e.g., Colombia, Germany, Ghana, Lebanon, Malaysia) in 2021.

We have highly motivated and highly loyal employees. Our Inclusive Meritocracy Index (IMIX) which measures the progress of the organization on its way towards inclusive meritocracy, stood at an excellent 78 % in 2021, exceeding our targets by 5 %-p.

Our efforts around diversity and inclusion are paying out:

- Approximately 30 % of Allianz Group operating profit is managed by women, we see that diversity and performance go hand in hand.
- Allianz is also in the top 5 of the Refinitiv Diversity & Inclusion Index 2021 globally and the number 1 insurance company.
- We also signed the 'Valuable 500' Charter and Allianz is one of 14 Iconic Leaders, who are co-creating solutions which will transform the business system to be more inclusive of people with disabilities. Together with London Stock Exchange Group (LSEG), Allianz is committed to increase transparency on disability data disclosure in the corporate space across the globe.

Our efforts to improve and simplify our products and processes also led to increased customer loyalty, with NPS improving to 84 % in 2021 from previously 79 % of segments outperforming their respective market.

We also contributed to our local communities in 2021: Allianz's charitable donations totaled € 28.2 million, and our employees contributed 72,580 hours in corporate volunteering.

We will take sustainability to the heart of Allianz – together

Allianz has the ambition, as well as the global scale and skills, to be the trusted partner of our stakeholders, helping to solve society's most pressing issues. Already today, we are taking environmental, social and governance aspects to the heart of our business. Going forward, we are working to fully integrate sustainability into how we run our organization and our business alike, and to drive real world impact in societies, economies, and the environment. To support the sustainability integration, Global Sustainability was established as a Group Center as of January 2021, and the Sustainability Committee was formed under our Supervisory Board in June 2021. In 2022, we will further integrate sustainability into Allianz's organization and business areas and continue inspiring employees, customers, investors, and society.

Please enjoy reading this report. And please feel encouraged to make your own contribution toward a more sustainable world. We are in this together.

Chairman of the Board of Management
Allianz SE

01.2 Company description and strategy

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Allianz Group is one of the world's leading insurers and asset managers with 126 million private and corporate customers¹ in more than 70 countries.

Our customers benefit from a broad range of personal and corporate insurance services, ranging from property, life, and health insurance to assistance services to credit insurance and global business insurance. As one of the world's largest investors, Allianz is managing around € 849 billion on behalf of its insurance customers. Furthermore, our asset managers PIMCO and Allianz Global Investors manage nearly € 2.0 trillion of third-party assets. Thanks to our systematic integration of environmental, social and governance (ESG) criteria in our business processes and investment decisions, we hold the leading position for insurers in the Dow Jones Sustainability Index. In 2021, 155,411² employees achieved total revenues of € 148.5³ billion and an operating profit of € 13.4⁴ billion for the group.

Our purpose and strategy

Our purpose is 'We secure your future'. It is our reason for being and it guides our decisions and actions across the Allianz Group.

Allianz has defined the following objectives for our medium-term strategy, building on the success of the efforts to simplify the company, with the motto 'Simplicity at Scale':

- **Outperform:** We seek to move ahead of our competitors, both traditional businesses and disruptors, to drive profitable growth.
- **Transform:** We seek to become simpler and deeply digital, and to put – in addition to the customer – scalability at the heart of our actions.
- **Rebalance:** We seek to build leading positions in large, profitable, and fast-growing geographies as well as in new areas of business. An increased focus will be placed on an organic rebalancing of the business mix.

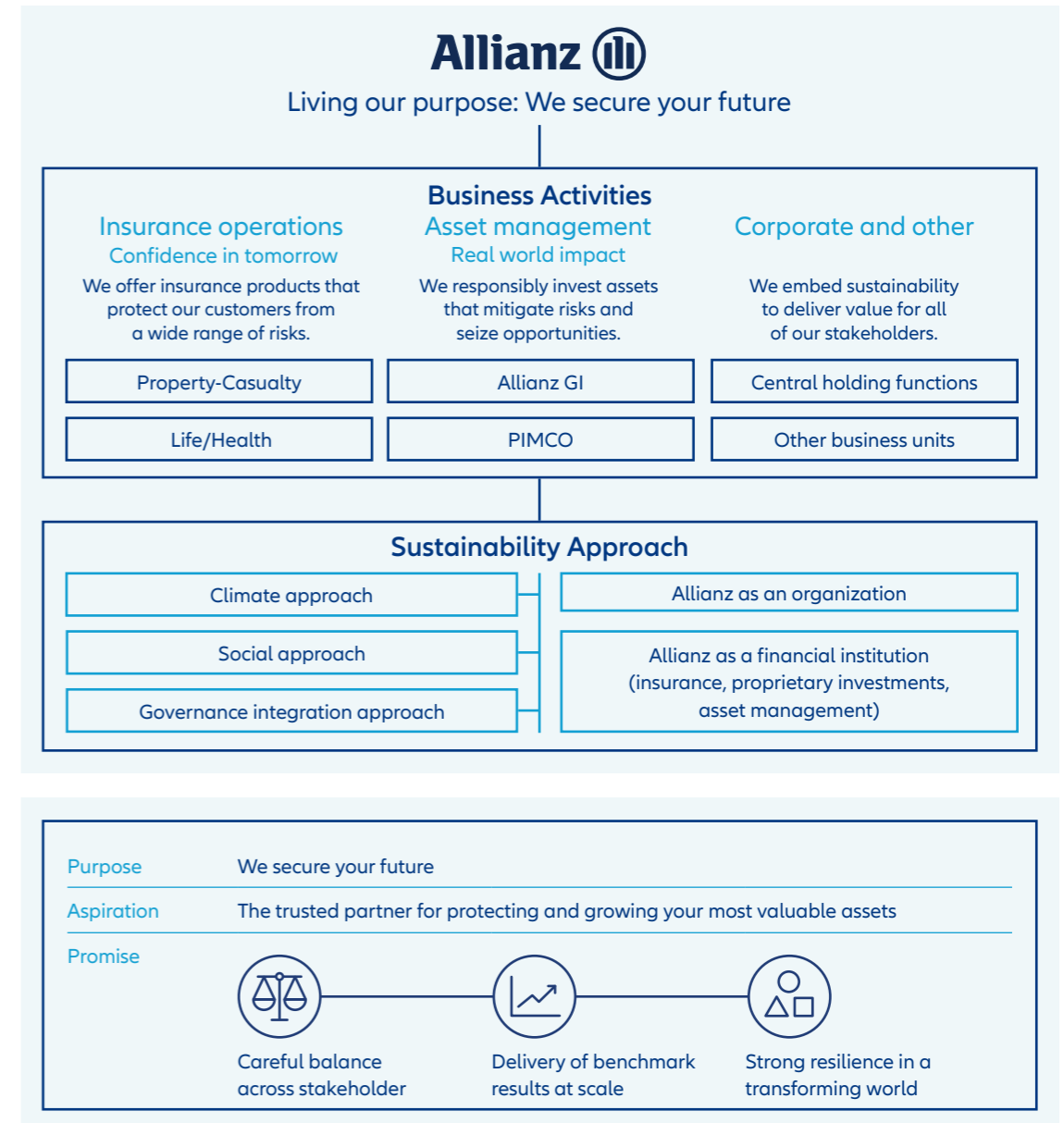
To realize our growth ambition and accelerate our value creation, we have identified five additional strategic areas of focus:

- Transforming the Life/Health and Asset Management franchise
- Expanding our Property & Casualty leadership position
- Boosting growth through scalable platforms
- Deepening the global vertical integration and execution of agility
- Reinforcing capital productivity and resilience

Sustainability integration is an important element of the strategy implementation. We aim at carefully balancing across stakeholders, at the same time as we deliver benchmark results at scale and build strong resilience in a transforming world.

 **For further details about the group's Corporate Strategy, please see the Allianz Group Annual Report 2021, pages 97–98 and the materials published as part of our Capital Markets Day 2021.**

¹ Including non-consolidated entities with Allianz customers.
² Total employees (core and non-core business).
³ Total revenues comprise Property-Casualty total revenues (gross premiums written, and fee and commission income), Life/Health statutory gross premiums written, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).
⁴ Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding (if and as applicable for each business segment) all or some of the following items: income from financial assets and liabilities carried at fair value through income (net), realized gains/losses (net), impairments of investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, restructuring and integration expenses, and profit/loss of substantial subsidiaries held for sale, but not yet sold.



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01.3.1 Our ambition

We support the transformation towards sustainable economies and societies this means that we want our economy to provide the societal minimum for all while not breaking ecological barriers, our ambition is to integrate sustainability into everything that happens at Allianz, into our decision making, thereby driving real world impact in societies, economies and the environment. We aspire to listen to our stakeholders, take care to understand their concerns, and ensure that our actions meet their expectations. To be able to deliver impact, we believe in collaboration and partnerships, as many of the sustainability-related matters require global action beyond company boundaries.

We prioritize three U.N. Sustainable Development Goals (SDGs) to guide the integration of sustainability across Allianz.

With this sustainability focus, we plan to tackle societal, environmental, and economic change:

- Decent work and economic growth (SDG 8) is in line with our aspiration to be a trusted partner for protecting and growing stakeholders most valuable assets;
- Climate action (SDG 13) is in line with our commitments to net-zero by 2050 and the Net-Zero Alliances;
- Partnerships for the goals (SDG 17) is in line with our belief that the public/private and peers need to cooperate to improve sustainability.
- Environment (E) – Our climate approach / focus on SDG 13
- Social (S) – Our social approach / focus on SDG 8
- Governance (G) – Our approach to sustainability integration

All three are closely interlinked, so we refer to sustainability in general rather than to ESG.

📄 **Please see our targets and commitments in section 05.1 and 05.3. for a detailed overview.**

01.3.2 Enabling the integration of sustainability

Allianz increased the importance of sustainability on our agenda in 2021 with the ambition to fully integrate sustainability across the company.

The Board of Management at Allianz SE is ultimately responsible for all matters related to sustainability and is supported by the

Sustainability Board (formerly known as ESG Board). During 2021, Allianz further established the Group Center Global Sustainability, and the Sustainability Committee within the Supervisory Board, to enable the sustainability strategy integration and implementation.

Equally important is the integration of sustainability across Allianz as an organization (operations, HR, finance and risk, communication), and across all business areas (insurance, investments, asset management). The different functions are responsible for driving sustainability into their strategies and actions.

Global Sustainability leads, coordinates and supports the functions and operating entities to effectively integrate the Group’s strategic sustainability approach and policies into their strategies and activities.

Sustainability-related performance is also integrated in our compensation systems through relevant targets incentivizing board members to act and decide according to E, S and G priorities. Information about the board targets are shown below.

📄 **For more details on the integration of sustainability in our corporate governance, please see section 05.5.**

Sustainability-related targets linked to the remuneration of the Board of Management

Our targets	2021	2022	More details
Overarching	Ensure strong sustainability position (top ranks in DJSI, MSCI, Sustainalytics).	Ensure strong sustainability position (top ranks in DJSI, MSCI, Sustainalytics).	Section 05.1; 05.2
		Define approach and KPIs for sustainable claims management in retail P&C.	Section 02.1.2
		Develop strategy for sustainability in asset management, leading to strong competitive positioning in sustainable product offering and ensuring strong sustainability reputation.	Section 02.3
Environmental	Decarbonisation	Operations: 14 % reduction of GHG (greenhouse gas) emissions per employee by 2021 (vs 2019) and 70 % renewable electricity as share of total electricity consumption in 2021.	Operations: 18 % reduction of GHG (greenhouse gas) emissions per employee by 2022 (vs 2019) and 88 % renewable electricity as share of total electricity consumption in 2022.
		Proprietary Investment: Develop operative implementation plan to reach minus 25 % GHG emissions ¹ (absolute reduction on public equity and listed corporate debt by 2025 from a 2019 baseline).	Proprietary Investment: Establish a quantitative roadmap to reach minus 25 % GHG emissions ¹ (absolute reduction on public equity and listed corporate debt by 2024 vs 2019).
Social	Customer Loyalty	Net Promoter Score (NPS)	Digital Net Promoter Score (dNPS)
	Employee Engagement	Inclusive Meritocracy Index (IMIX) and Work Well Index+ (WWI+)	Inclusive Meritocracy Index (IMIX) and Work Well Index+ (WWI+)
Governance		Leadership Contribution with particular focus on Allianz People Attributes (Customer & Market Excellence, Collaborative Leadership, Entrepreneurship, and Trust)	Leadership Contribution with particular focus on Allianz People Attributes (Customer & Market Excellence, Collaborative Leadership, Entrepreneurship, and Trust)

1 Scope 1 & 2 of investee companies according to GHG Protocol. GHG Protocol categorizes GHG emissions into three broad scopes: Scope 1: All Direct GHG emissions, which are emissions from sources that are owned or controlled by the reporting entity, Scope 2: Indirect GHG emissions, which are emissions from consumption of purchased electricity, heat or steam, Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc. Reference for calculation to be found in Allianz Sustainability Report. Emission-related data is provided by MSCI.

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01.4.1 Our ambition

Our social approach is based on the belief that business can only thrive as part of an equitable society. Under our purpose ‘We secure your future’ we aim to contribute by being the trusted partner for protecting and growing our stakeholders’ most valuable assets.

With an added focus on SDG 8 – Decent work and economic growth – we integrate social considerations into our organization, our business areas, and our corporate citizenship activities. We do this through our own initiatives and – in line with our commitment to SDG 17, Partnerships for the goals – through active participation in various partnerships from global U.N.-backed initiatives to collaborations with regional NGOs and local charities.

With our global footprint, we have an opportunity to create positive impact through the way we run our organization and by using our expertise as an investor, insurer and asset manager. We contribute to our stakeholders and societies in different ways:

- We distributed economic value of € 104 billion to our stakeholders, for example through claims payments, wages, and taxes. Through these payments, we are making a meaningful contribution to the economic and social development of the countries in which we operate.
- We developed our Diversity and Inclusion strategy to cover gender, generations, LGBTQ+, nationalities, and disabilities.
- Through our products and solutions, we can enable access to financial services which take sustainability into consideration.

- With our Corporate Citizenship Strategy, we help next generations to overcome economic and social impacts; and we support in crisis situations like the pandemic and the Ukraine humanitarian situation. For the Ukraine humanitarian crisis Allianz committed to donate € 10 million and is committed to match employees’ and tied agents’ donations up to € 2.5 million.
- By the date that this report is published, Allianz confirms that we are neither insuring new business nor making new investments on behalf of its own investment portfolio in Russia or Belarus. Our operating entities are no longer underwriting new insurance business in Russia, and are decisively reducing exposure in an orderly manner.

01.4.2 Our commitment to human rights

Respect for human rights is a minimum requirement for responsible business within and beyond our direct operations. For Allianz, human rights are relevant in our different roles – as an insurer, investor, asset manager, employer and in the supply chain.

As a signatory of the United Nations Global Compact (UNGC), Allianz has committed itself to upholding human rights.

[To find out more, please see section 05.5 and our UNGC Communication on Progress.](#)

01.4.3 Our commitments and contributions to our stakeholders

Our social approach is an integral part of our core business, guided by our purpose ‘We secure your future’. To deliver on our strategic promises of carefully balancing across our stakeholders and shaping strong resilience in a transforming world, we focus on contributing to all stakeholders.

Our employees

Delivering our purpose starts with our employees who are part of our diverse and global workforce. This diverse workforce enables us to understand and fulfill the needs of our equally diverse customer base. We take a strong stance regarding employee engagement, diversity and inclusion and gender equality. We focus on managing talent, rewarding personal achievements and promoting employee rights. The health, safety and well-being as well as the training and development of our employees is of utmost importance.

[To find out more, please see section 02.4 and the Allianz People Factbook 2021.](#)

Our customers

For customers, we aim to shape a better tomorrow together, under our purpose. We care about our customers’ hopes and fears, providing security in the ups and downs of life, and particularly in crisis situations like the pandemic. We aim to deliver quality in a fair, simple and sustainable way, listening to our customers to continually improve.

[To find out more on our approach to customer satisfaction, please see section 02.5.](#)

Our investors

We set important short- and long-term sustainability targets and at the same time ensure their reasonable balance with our financial objectives. We disclose our quantitative and qualitative sustainability performance to the market and are open and transparent about our sustainability approach with our investors.

[To find out more, please see our Analyst Presentation 2021 as well as our Group Annual Report 2021.](#)

Civil society and non-governmental organizations (NGOs)

Together with civil society and NGOs, we are shaping change for good. Allianz brings its commercial expertise and global scale to the table and listens to the interests of civil society and NGOs. We aim to be a trusted partner by committing to jointly working on solutions.

[To find out more about our engagement with stakeholders, please see section 05.3.](#)

Governments, regulators and policymakers

Allianz is committed to being a good corporate citizen, responsible taxpayer, and a trusted partner. We strive to be in ongoing and constructive exchange with policymakers and politicians with the goal to contribute to viable solutions for societal, environmental and economic issues. We particularly share our expertise as a leading financial services provider, in areas like insurance, investment, and finance.

[To find out more, please see section 03.4.](#)

[To find out more about our approach to being a responsible taxpayer, please see section 03.5 and the Tax Transparency Report 2021.](#)

01.4.4 Our Corporate Citizenship Strategy

Next to our commitments to address the social matters of our stakeholder groups, we have a dedicated ‘Corporate Citizenship Strategy’, which we renewed in 2021. It explicitly focuses on the next generations and people with disabilities, and it is grounded in our company purpose ‘We Secure Your Future’ and our commitment to SDG 8 – Decent work and economic growth.

[To find out more, please see section 03.1.](#)

01.5 Our climate approach

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01.5.1 Our ambition

Our climate approach is grounded in the Allianz Group Climate Change Strategy. With a special focus on SDG 13 – Climate action, we integrate climate considerations in our organization and our business areas. We further strengthen our climate action by collaborating with private and public partners, in line with SDG 17 – Partnerships for the goals. Examples for such partnerships include the U.N.-Convened Net-Zero alliances.

We have the ambition to be a partner for our clients and investees, and for the different sectors, in their transition towards net-zero.

01.5.2 Our commitments and contributions

Our climate approach is an integral part of our core business. By committing to net-zero GHG emissions by 2050, we are working on setting long-term climate targets across our operations and business lines in line with the 1.5°C ambition¹ of the Paris Climate Agreement. The Allianz SE Board of Management’s remuneration is tied in part to the attainment of these targets.

- On our overall goal to create positive change for societies and economies, we will continue to integrate climate action across all business areas and markets and deliver on our net-zero targets.
- For our proprietary investment portfolio, we are on track to systematically reduce GHG emissions to net-zero in line with the 2050 pathway. Our intermediate target is to reduce our emissions from listed equities and corporate bonds by 25 percent by year-end 2024 (vs. 2019). Our work is aligned with the

Target Setting Protocol of the AOA², where we have taken on a shaping role. Also, our fully owned real estate portfolio is intended to be in line with scientifically based 1.5°C pathways with low/no overshoot by year-end 2024.

- To define science-based climate targets in our insurance portfolio, we – as a member of the Net-Zero Insurance Alliance – are currently working on the targets and methodologies. These methodologies are expected to be published in January 2023. Subsequently, Allianz and other members will be able to set their first near term net-zero insurance targets. All members have committed to report annually on their progress.
- We will continue to gradually implement our phaseout of coal-based business models across our proprietary investments and P&C portfolios by 2040 in line with 1.5°C pathways with low/no overshoot. This includes a stricter threshold for coal-based business models for P&C insurance (25 percent as of 31 December 2022); for our investment portfolios from current 30 percent to 25 percent, as of 31 December 2022.
- We also announced that we will no longer provide insurance for dedicated oil sands projects and new oil sands pipelines, or to companies deriving more than 20 percent of their revenue from oil sands.
- We will publish an update of our Oil & Gas policy and a new target for our GHG emissions from own operations on 29 April 2022. [Find out more on our website.](#)
- In our operations, we will increase the use of renewable electricity to run our data centers and offices to 100 percent by end of 2023 and reduce GHG emission per employee by 30 percent in 2025 (vs 2019).

01.5.3 Our Climate Change Strategy

Allianz has had a Climate Change Strategy in place since 2005. The current strategy was approved by the Group Sustainability Board in 2019. With the rapid development of the state of knowledge on climate-related matters, we continually review our Climate Change strategy, to secure that our action continues to be in line with science. The strategy is built around the three pillars, through which we can have an impact: Anticipate. Care. Enable.

We anticipate the risks of a changing climate

Our climate strategy aims to anticipate the risks of a changing climate. Therefore, we systematically consider climate and sustainability criteria in our insurance and investment business. In 2021, we reviewed our approach to identifying and managing climate change risks and opportunities to develop it further.

We also systematically engage with investee companies, which are exposed to high climate and sustainability risks. We offer advice and encourage them to define and pursue their own climate strategies in line with the latest scientific findings.

As part of our decarbonization strategy, we commit to fully withdrawing from coal-based business models across our proprietary investment and property-casualty portfolios by 2040 at the latest.

We care for the climate vulnerable

We support our insurance customers so that they can reduce climate-related risks. The target is to minimize damage, and insure low-carbon developments.

Furthermore, we are piloting new approaches that combine insurance offerings with measures that strengthen their resilience. These are, for instance, approaches to incentivize people to reduce risk including dedicated training and advice. Also, we use climate risk-differentiated premium structures in our insurance.

Many people still do not have insurance at all. To close this the protection gap in the most vulnerable parts of society, we collaborate with our peers, governments, and civil society. We support scientific research and innovation that improves society’s understanding of climate-related risks.

We enable the low-carbon transition

We aim to enable the journey to net-zero for our own operations, for our investees and for our insurance customers. Our ambition is to be an insurance and investment partner for the net-zero transformation the different industries and customers need to make.

Our business strategy aims to systematically enable a low-carbon and climate-resilient future. We strategically invest in low-carbon assets and are insuring low-carbon technologies. Grounded in our belief in science-based decision making, we intend to support our partners, investees, and clients along the path to net-zero. We also commit to pursuing net-zero within our own operations.

[Find out more about climate in our business activities in sections 02.1, 02.2, and 02.3 and in our own operation in section 02.6](#)

[Find our climate-related financial disclosure in section 04.](#)

¹ We are managing towards 1.5°C with low/no overshoot pathways.
² U.N.-convened Net Zero Asset Owner Alliance.

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Our commitment to tackling environmental, social, and governance (ESG, here referred to as sustainability) topics ensures we embed sustainability everywhere, both in our own operations and across our insurance, proprietary investment, and asset management activities.

As a global insurer, investor, and asset manager, understanding and managing sustainability issues allows us to reduce risks and capture opportunities in all areas of our business. As well as managing risks, sustainability integration directs us to create sustainable products and services that add value to society, collaborate with clients and investees to deliver real-world benefits and direct capital flows towards sustainable outcomes for all stakeholders.

01.6.1 What is sustainability and why it is important?

Sustainability (or ESG) risks and opportunities refer to the non-financial risks and opportunities which can be influenced by and/ or can influence Allianz's business activities and operations. In the Allianz Group Risk Policy, we define sustainability risks as events or conditions which, if they occur, could have significant negative impacts on the assets, profitability, or reputation of Allianz Group or one of its companies.

Examples include environmental and climate change risks, human rights violations, risks to local communities and workforce risks. If they are not identified and managed effectively, sustainability risks can have significant repercussions for Allianz and our customers, suppliers and invested companies. These span legal and reputational risks, supply chain and business disruption risks, quality and operational risks and financial risks.

Sustainability factors also present business opportunities such as insuring and investing in renewable energy and affordable housing or supporting the energy transition through insurance and investments.

By scrutinizing insurance and investments projects from a sustainability perspective, Allianz extends its understanding of risks and seizes potential business opportunities for the benefit of shareholders, customers, and other stakeholders. Holistic assessment of risk is especially relevant to Allianz as an insurance company that manages and carries risks ranging from single events to decades.

01.6.2 Our group-wide rules and processes

Our approach applies group-wide corporate rules and sustainability processes across all relevant underwriting, proprietary investment, and operations activities. This requires strong collaboration between relevant functions and business areas. Key processes include the internal Allianz Standard for Reputational Risk Management and other corporate rules such as the Allianz Standards for P&C Underwriting and Allianz ESG Functional Rule for Investments.



The publicly available Allianz ESG Integration Framework provides transparency around our sustainability-related processes and guidelines. We published the fourth version of the Framework in 2021.

Our asset management units have set up their own set of processes, rules, and governance on sustainability integration in their investment activities.

01.6.3 Embedding sustainability in insurance, proprietary investments and operations

Consistent application of sustainability processes in insurance and proprietary investment activities is crucial to mitigate risks and capture opportunities arising from sustainability trends.

We have put in place the processes outlined in the table below across our business.

Further details on our sustainability integration approach in insurance, proprietary investments, and asset management can be found in section 02.1 to 02.3 as well as in the Allianz ESG Integration Framework.

Sustainability integration processes	Business areas				Details
	P&C Ins.	Investments (listed)	Investments (non-listed)	Organization, Procurement	
ESG referral and assessment process (including sensitive business areas, sensitive countries)	●		●	●	Systematic integration of sustainability risks by conducting case-by-case due diligence of critical transactions.
ESG scoring process (including climate-related data)		●			Systematic integration of sustainability risks through sustainability ratings and climate-related data.
ESG exclusions process (including coal, oil sands, controversial weapons, human rights)	●	●	●	●	Exclusion of investment and insurance transactions in critical business areas.
ESG engagement and risk dialogues (on sustainability, climate and human rights topics)	●	●			Systematic engagement with investee companies and clients on sustainability-related matters.
ESG in business partner selection (including asset managers, reinsurers, vendors, etc.)	●	●	●	●	Inclusion of sustainability-related criteria in the selection, appointment and monitoring of business partners.

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Reviewing and revising our sustainability risk management framework

We continue to expand and strengthen our sustainability risk management approach. A key enabling factor is understanding the requirements and limitations of our operating entities to develop global sustainability processes that can be integrated into local processes and systems.

In 2021, we continued our project to further strengthen sustainability risk management by improving the way we identify sustainability-related risks in transactions (P&C insurance, investment, procurement). While this project was planned for completion in 2021 based on the original scope which included only P&C insurance, we have expanded the scope to cover insurance, investments, procurement, and other business areas. We also expanded the project scope to consider human rights in more depth. As a result, we extended the deadline and work will continue into 2022.

80.6 %

of assessed transactions were proceeded and

14.0 %

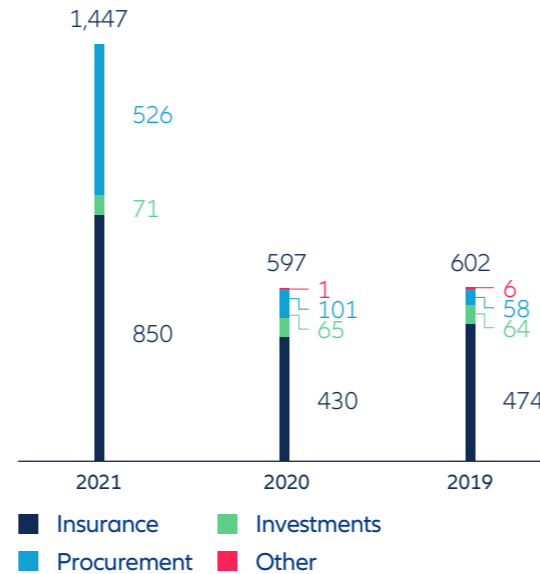
were approved subject to certain mitigation measures or conditions

5.4 %

were declined or not pursued (for details see [Tables ESG1-3](#))

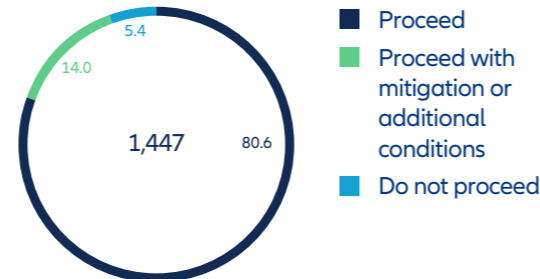
ESG referral and assessment process

Number of assessments by category



ESG referral and assessment results

% of assessed transactions in 2021 Sustainability



01.6.4 Regulation as a driver of sustainability integration

We believe regulation is necessary to drive integration of sustainability considerations in business activities and we actively engage in supporting and influencing regulatory developments in these areas. For example, we are a member of the E.U.'s Platform on Sustainable Finance and European Financial Reporting Advisory Group (EFRAG) Project Task Force on European Sustainability Reporting Standards (PTF-ESRS). We are focused on several workstreams to address new regulatory and supervisory requirements.

[See Regulatory and public affairs \(section 03.3\).](#)

01.7 2021 Reporting highlights

As a next logical step on further integrating our sustainability activities we included a highlights table which follows the International Integrated Reporting Council (IIRC) logic.

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IIRC capital categories	Outputs ¹ 2021	Outcomes ²
Manufactured 	<p>€ 123.1 bn sustainable investments (proprietary investments)</p> <p>€ 203.1 bn PIMCO ESG themed investments</p> <p>€ 184.3 bn AGI ESG themed investments</p> <p>€ 1,484.7 mn revenues from sustainable solutions</p>	<ul style="list-style-type: none"> • In 2021, we reviewed our definition of proprietary sustainable investments to follow the rules set by E.U. Sustainable Finance Disclosure Regulation (SFDR). The volume of sustainable investments decreased slightly if we would have applied the same definition for 2020. • We continue to expand dedicated sustainability products for our third party asset managers AGI and PIMCO. • Our sustainable insurance solutions revenues remained fairly stable in 2021. We are currently reviewing the regulatory changes and assessing how we will assess and disclose sustainable insurance solutions in the future.
Financial 	<p>€ 13.4 bn operating profit</p> <p>€ 6.6 bn shareholder net income</p> <p>€ 2.4 bn corporate tax paid</p>	<ul style="list-style-type: none"> • Operating profit jumped 24.6 percent to 13.4 billion euros. • Net income attributable to shareholders declined 2.9 percent to 6.6 billion euros as a result of a one-time pre-tax provision of 3.7 billion euros in anticipation of settlements with major investors in the AllianzGI U.S. Structured Alpha funds and in light of current discussions with U.S. governmental authorities, lowering the group's 2021 net income by 2.8 billion euros. • Corporate tax: Fair, effective and stable tax payments are beneficial for both government and companies.
Intellectual 	<p>Allianz Risk Barometer published</p> <p>ESG Integration Framework published</p> <p>DJSI: Top rank (93 out of 100 points)</p> <p>USD 15 bn Brand value</p>	<ul style="list-style-type: none"> • The Allianz Risk Barometer is our annual report identifying the top corporate risks for the next 12 months and beyond, based on the insight of more than 2,650 risk management experts from 89 countries and territories. • Our ESG Integration Framework allows NGOs, peers, customers, and other stakeholders to get an in-depth overview of the way in which we integrate sustainability-related risk and opportunities management across Allianz. • After a drop to 6th rank in 2020 in DJSI we regained our top position in 2021, scoring 93 points out of 100. • Brand value up 17 % to more than USD 15bn (Source: Interbrand Best Global Brands Ranking 2021).
Social and relationship 	<p>62 mn Emerging Consumers reached</p> <p>84 % NPS (Customer loyalty)</p> <p>€ 28.2 mn Corporate Giving</p>	<ul style="list-style-type: none"> • We aim to continue our expansion in Africa, Asia, and Latin America. Main driver for the increase is the inclusion of Indian government-sponsored health insurance schemes in the reporting scope for the first time. • Business segments with a net promoter score of above market average (incl. loyalty leaders). • In 2021 our Corporate Giving totaled € 28.2 mn. In 2020 our donations were higher due to COVID-19 emergency relief efforts. • Social Impact Fund is our program supporting strategic opportunities to deliver social impact.
Human 	<p>76 % Employee Engagement Index*</p> <p>78 % IMIX (Inclusive Meritocracy Index)</p> <p>38.6 % Female managers</p>	<ul style="list-style-type: none"> • The 2021 Allianz Engagement Survey results are our second-best result in the Allianz history. • Our high standards in leadership, performance and corporate culture are reflected in the high rating in the IMIX. • The share of women has continuously increased since 2019 among managers (by +0.7 % p), executives (top management, by 1.7 % p) and in talent pools (+3.2 % p).
Natural 	<p>77 % renewable electricity of operations</p> <p>0.9 t CO₂e per employee carbon footprint of operations</p> <p>18.7 mn t CO₂e carbon footprint of proprietary investments</p>	<ul style="list-style-type: none"> • +20 %-p 77 % share of renewable electricity, up from 57 % in 2020. Increase vs. 2020 supported by changes in supplied electricity mix and the first time use of offset certificates. • -32 % Carbon footprint per employee from operations decreased from 1.4 tons CO₂e in 2020 to 0.9 in 2021. Both years are impacted by COVID-19-related drop, primarily in business travel. On a normalized basis, emissions decrease from ~2.0 tons/employee in 2020 to ~1.8 tons/employee in 2021, mainly due to an increased share of renewable electricity. • Carbon footprint of proprietary investments: -16 % Successful continuation of portfolio decarbonization. Improvement 2021 vs. 2020 supported by ~4–5 %-p from COVID-19 shutdowns.

¹ An integrated report identifies an organization's key products and services.

There might be other outputs, such as by-products and waste (including emissions), that need to be discussed within the business model disclosure depending on their materiality.

² Outcomes are the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs.

Score date: December 2021.

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02 Measuring and managing sustainability

In this section, we are covering material topics, public targets and commitments that are integrated across Allianz.

In this year's report – for the first time – we have combined all material topics for which we have established quantitative targets, KPIs and performance data, as well as the relevant managed approaches into one section.

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02 Sustainability in our business activities

We are committed to integrating sustainability in all our business activities (insurance, proprietary investments, asset management). In this part of the 'Measuring and managing sustainability' section, we focus on topics which we can quantify and then give an overview of the key approaches. In addition, this part describes how we manage our business to drive forward sustainability.

We have set quantitative targets for our Board of Management to work towards reducing the greenhouse gas emissions (GHG) of our proprietary investment portfolio by 25 percent by end of 2024.

Also for our insurance and asset management activities, sustainability integration continues to be a priority; we are in the process of setting quantitative targets.

For all areas, we have a long-standing set of indicators to disclose our sustainability performance across our business activities.

✔ The performance of our Board of Management regarding their sustainability targets is on track. For a detailed overview, please see sections 01.3. An overview of all further quantitative and qualitative targets and our performance related to these topics can be found in section 05.1.

Our performance towards our sustainability-related board targets

Proprietary investment portfolio carbon footprint*



-24.9 %

(baseline 2019)

* Green checkmark indicates that target achievement is on track or target was achieved this year.

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Sustainability in insurance performance data

Table ESG-1
ESG referrals and assessments: total numbers per sector

As of December 31	2021	2020	2019
Insurance	850	430	474
Investments	71	65	64
Procurement	526	101	58
Other	0	1	6
Total	1,447	597	602

Table ESG-2
ESG referrals and assessments: assessment outcomes
% share of total referrals

As of December 31		2021	2020	2019
Proceed	%	80.6	60.5	53.3
Proceed with mitigation or additional conditions	%	14.0	31.8	38.7
Do not proceed	%	5.4	7.7	8.0

Table ESG-3
ESG referrals and assessments: sensitive business areas

As of December 31	2021				2020				2019			
	Proceed	Proceed with mitigation	Do not proceed	Total	Proceed	Proceed with mitigation	Do not proceed	Total	Proceed	Proceed with mitigation	Do not proceed	Total
Agriculture, Fisheries and Forestry	23	11	1	35	24	15	0	39	22	14	1	37
Animal Testing	1	0	0	1	1	0	0	1	1	0	2	3
Animal Welfare	3	0	1	4	0	0	0	0	0	0	0	0
Betting and Gambling	4	1	0	5	2	1	0	3	3	3	0	6
Clinical Trials	39	5	0	44	16	5	0	21	10	11	0	21
Defense	42	17	7	66	20	16	2	38	26	18	2	46
Human Rights	13	20	13	46	15	14	3	32	6	12	4	22
Hydro-Electric Power	10	12	1	23	10	7	1	18	11	7	3	21
Infrastructure	97	18	17	132	42	20	12	74	47	33	9	89
Mining	26	26	9	61	21	34	12	67	19	63	13	95
Nuclear Energy	8	1	0	9	9	6	0	15	2	3	2	7
Oil and Gas	48	53	13	114	23	41	6	70	24	39	4	67
Sex Industry	1	0	0	1	1	0	0	1	1	0	0	1
Procurement Transactions	521	3	1	525¹	101	0	0	101	58	0	0	58
Other Sustainability and Reputational Issues	331	35	15	381	76	31	10	117	91	30	8	129
Total	1,167	202	78	1,447	361	190	46	597	321	233	48	602

¹ Increase of procurement referrals driven by a new set of ESG questions as part of our Vendor Integrity Screening process.

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Table ESG-4

Revenues from sustainable solutions¹

As of December 31		2021	2020 ²	2019 ²
Sustainable Insurance Solutions	€ mn	1,022.0	1,025.2	965.3
Insurance solutions with a sustainability component	€ mn	417.6	367.6	366.7
Emerging Consumer Solutions	€ mn	45.2	56.1	40.7
Total	€ mn	1,484.7	1,448.9	1,372.7

Table ESG-5

Number of sustainable solutions by solution category³

As of December 31	2021	2020 ²	2019
Sustainable Insurance Solutions	91	105	109
Insurance solutions with a sustainability component ⁴	41	39	39
Emerging Consumer Solutions	30	26	28
Sustainable Asset Management Solutions	177	61	52
Total	339	231	228

Table ESG-6

Emerging consumer business

As of December 31	2021	2020	2019	
Gross Written Premiums (GWP)	€ mn	510.2 ⁵	452.2	413.9
thereof from consolidated entities	€ mn	45.2	56.1	39.6 ⁶
thereof from non-consolidated entities	€ mn	465.0 ⁵	396.1 ⁶	374.3
No. of in-force insured people		62,221,110 ⁵	46,138,372	55,402,075
thereof from consolidated entities		9,721,944	10,077,970	9,971,637 ⁶
thereof from non-consolidated entities		52,499,166 ⁵	36,060,402 ⁶	45,430,438
GWP per customer	€/customer	8.20	9.80	7.47

Table FIN-1

Economic value generated, distributed and retained

€ mn

As of December 31		2021		2020	
Economic Value Generated	€ mn	122,238.9	100%	119,509.6	100%
Revenue from sale of 'goods'	€ mn	77,656.2	63.5	75,714.2	63.4
Revenue from rendering of services	€ mn	13,998.1	11.5	12,049.1	10.1
Revenue from financial investments	€ mn	30,552.1	25.0	31,581.8	26.4
Other operating income	€ mn	32.5	0.0	164.5	0.1
Economic Value Distributed	€ mn	104,239.5	85.3	94,989.5	79.5
Operating expenses	€ mn	81,326.6	66.5	74,171.4	62.1
thereof: Claims and insurance benefits	€ mn	54,873.0	44.9	53,793.2	45.0
Claims P&C	€ mn	33,783.8	27.6	33,257.9	27.8
Claims L&H	€ mn	21,089.5	17.3	20,535.4	17.2
Wages and other payments to employees	€ mn	13,339.8	10.9	12,509.3	10.5
thereof: to provider of capital	€ mn	5,475.3	4.5	5,564.3	4.7
thereof: to shareholders	€ mn	4,705.6	3.8	4,702.3	3.9
Payments to creditors	€ mn	769.7	0.6	862.0	0.7
Payments to government	€ mn	3,985.9	3.3	2,608.8	2.2
thereof: income tax expense ⁷	€ mn	3,659.6	3.0	2,287.2	1.9
Community investments	€ mn	112.9	0.1	135.8	0.1
Economic Value Not Yet Distributed	€ mn	17,295.4	14.1	21,740.6	18.2
Change in reserves	€ mn	13,716.2	11.2	12,975.8	10.9
Impairments	€ mn	1,331.0	1.1	5,467.3	4.6
Change in provisions	€ mn	2,248.2	1.8	3,297.4	2.8
Economic Value Retained	€ mn	704.0	0.6	2,779.5	2.3

1 Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability.

2 Data was restated due to reclassification of certain products and minor corrections.

3 Our current data collection process does not allow for a complete tracking of the number of sustainable solutions. Number of solutions data is included subject to data availability.

4 Revenue data for insurance solutions with a sustainability component is only included when this component can be clearly separated from other parts of the revenue.

5 Includes Indian government-sponsored health schemes not reported in previous years (GWP € 88mn & 15.5mn insured).

6 Please see note 45 to the Consolidated Financial Statements of Allianz Group Annual Report 2020 (update based on AR 2021).

7 Includes income taxes paid, accrued income taxes and income taxes related incidental benefits/expenses.

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02.1.1 Integrating sustainability in insurance

Embedding sustainability considerations into our insurance business means we are better placed to manage risks and opportunities to support sustainable development. We add value through dialogue with stakeholders and aim to share our expertise on risk mitigation with the insurance sector.

We are committed to the UNEP-FI Principles for Sustainable Insurance and work so that our risk exposure is mostly indirect through the risks Allianz carries for its insured clients. We embed strong sustainability risk management throughout our underwriting processes to limit our exposure to indirect risks. Our sustainability referral and assessment process directs us to identify, assess and manage risks. The process is part of the risk management framework that is applied to all Allianz insurance business globally, whether we are the lead insurer or part of a panel.

When our insurance underwriters identify a sustainability risk, they refer the case for assessment by the Allianz Global Corporate & Specialty (AGCS) ESG Business Services and/or Global Sustainability at Allianz SE. Our experts conduct in-depth assessments on a broad range of sustainability risks. Based on the outcome of these assessments, they decide whether a transaction may proceed with or without conditions. Conditions may include monitoring the project/client or engaging in a risk dialogue. If severe, systemic or unmitigable sustainability issues are identified, the transaction may be declined.

In 2021, 850 insurance transactions were assessed for sustainability risks, up from 430 transactions in 2020.

This increase is in line with our expectations given a decreasing risk appetite, new internal guidance on issues such as decarbonization and human rights, and new technical criteria in underwriting.

See [🔗 Tables ESG-1 to 3 for additional details.](#)

Sustainability risks can be dynamic and complex. Being responsible for a large underwriting portfolio requires significant resources to continuously screen and assess risks and engage clients and brokers in risk dialogues.

[🔗 Further information about the Allianz sustainability approach and processes relating to our insurance business can be found in the Allianz ESG Integration Framework.](#)

Adding value through research and engagement

To maximize our positive influence and impact, we share our sustainability expertise with our clients, brokers and business partners, and develop our own risk management and underwriting due diligence.

We conduct in-depth research to stay ahead of emerging issues and inform our evolving approach to risk identification and management. This includes conducting research to understand the relevance of sustainability factors on claims and underwriting profitability.

Key developments in 2021

In 2021, our experts worked to further strengthen our decarbonization approach. Our long-standing coal phase-out approach was strengthened and expanded (see section 02.2.3 for further details). We also announced that we will no longer provide insurance for dedicated oil sands projects and new oil sands pipelines, or to companies deriving more than 20 percent of their revenue from oil sands.

In 2020, we initiated a pilot to enhance our due diligence for Director & Officers (D&O) insurance. In 2021, this resulted in the addition of an ESG D&O Risk Score and other significant ESG KPIs to our underwriting due diligence for D&O coverages. We have now launched a similar project for liability insurance.

02.1.2 Climate change and decarbonization

Through our insurance business, we anticipate risks and protect and care for people vulnerable to climate change. We also target our insurance solutions and expertise to support the transition to a low-carbon economy.

Our Climate Change Strategy is focused on providing insurance solutions that help customers respond to a changing climate and facilitate the development of the low-carbon economy with net-zero emissions in 2050 (see section 01.5).

We anticipate the risks of a changing climate

The Paris Agreement emphasizes the role of insurance in managing the impacts of climate change. Insurance companies need to address climate change risks in both their insurance and their investment portfolios. These risks can result from developments in weather patterns (physical risks) and the transformation of business models towards net-zero emissions (transition risks).

In parallel, insurers have a societal role to offer affordable insurance protection against extreme weather events such as floods, storms, heatwaves and droughts for their clients. With 1.5°C of global warming being almost unavoidable according to the Intergovernmental Panel on Climate Change¹ (IPCC), this is becoming a challenge. It is a key reason why Allianz is committed to playing its part in limiting global warming by the end of this century to a maximum of 1.5°C.

With extreme weather events becoming more common and intense, we research the actual and future impacts of climate change to provide the best possible risk advice to society and customers. For example, the Allianz Climate Change Risk Study (ACCRiS) provides inhouse climate risk scores and metrics. These hazard, risk and financial impact scores help to assess physical climate change risk in investment and insurance decisions. In 2021, we developed forward-looking metrics for river flood and tropical cyclone risk under two climate scenarios² for the time periods 2030 and 2050. In 2022, we aim to provide metrics on hail and coastal flood risk.

¹ Intergovernmental Panel on Climate Change Sixth Assessment Report (2021).
² Representative Concentration Pathway (RCP) 4.5 and 8.5.

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Understanding of climate risks

The future impact of climate change will depend significantly on the political will to address the crisis and the speed at which it can be managed. If emissions are reduced swiftly enough, warming can be limited and the resulting risk might be kept at an affordable level for the insurance sector in developed insurance markets.

If climate-related risks like extreme weather events become high, the public sector and the insured may need to take more risk. This could be in the form of investment in higher protection standards such as flood defenses or higher risk retentions. The warmer it gets, the more likely challenges for insurability arise. This could burden clients and societies, especially in highly exposed regions such as low-lying coastal areas.

Managing this challenge requires constant and open dialogue to foster understanding of the issues and better resilience to climate risks. In November 2021, we held the second annual Allianz Understanding Climate Risk Stakeholder Dialogue and Award. Stakeholders from Allianz and partner institutions came together virtually to focus on building an understanding of climate impacts, identifying threats and opportunities, and charting a common path for action through dialogue between academics, public sector and industry.

The winner of the fifth annual Allianz Climate Risk Research Award for young PhD students working on innovative approaches to address climate risks was Dr. Nina Ridder. Her research focuses on compound events – events during which two weather or climate-related hazards co-occur – which can have devastating effects.

[Find out more about the Allianz Climate Risk Research Award online here.](#)

Caring for the climate vulnerable

Closing the insurance gap

We actively support the InsuResilience Global Partnership (IGP)'s goal to provide climate risk insurance for up to 500 million people in the most vulnerable developing countries by 2025. To promote this goal, the German Federal Ministry for Economic Cooperation and Development (BMZ) set up the InsuResilience Solutions Fund (ISF) to fund product and solution development. Delphine Traoré Maidou, Allianz Africa's Chief Executive Officer, represents Allianz as one of two private sector representatives on the IGP's High-Level Consultative Group.

In the context of the Tripartite Agreement between BMZ, the U.N. Development Program and the Insurance Development Forum (IDF), Allianz and Swiss Re are co-leading a project to develop a sovereign disaster risk insurance solution for Ghana with support by the local UNDP office. For this project we applied for co-funding from ISF in 2021. At the end of the year, we received a conditional grant approval. In 2022, we will formally launch the project.

The overall project objective is to provide quick pay-outs from a parametric flood cover to enhance the response capacity of the National Disaster Management Organization (NADMO) of Ghana in severe flood cases to re-establish economic activity of low-income communities in urban areas, starting with Greater Accra Region. The project builds on the lessons learnt from Allianz/GIZ Public-Private Partnership (PPP) project (2018–2021) in Ghana.

The U.N.-convened Net-Zero Insurance Alliance

In July 2021, Allianz joined forces with seven other leading insurers to form the U.N.-convened Net-Zero Insurance Alliance (NZIA). The first of its kind net-zero network for the underwriting business was launched alongside the G20 summit, underlining the importance of cooperation between leading governments and companies to mitigate the risks of climate change. Cross-industry and international partnerships are seen as important levers for tackling global challenges.

Members will set for themselves measurable and science-based targets. The first targets are expected to be released by July 2023 latest for the target year 2030. After 2030, they will be updated every five years up to 2050. Once the first targets are set, members are required to report on their progress on an annual basis. Having begun in 2021 and continuing throughout 2022, the group will develop the respective methodologies and define the first intermediate target in the NZIA target-setting protocol, which is expected to be launched in January 2023.

In September 2021, the NZIA announced that it will collaborate with the Partnership for Carbon Accounting Financials (PCAF) to develop a global standard to measure and disclose greenhouse gas emissions associated with re-/insurance portfolios. Such a standard will help re-/insurers obtain a deeper understanding of the climate risks in the underwriting portfolios, help them to decarbonize their portfolios through target setting, scenario analysis, etc., and create comparability for stakeholders.

[See the full details of the collaboration here.](#)¹

¹ <https://www.unepfi.org/psi/wp-content/uploads/2021/09/PCAF-NZIA-announcement.pdf>

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02.1.3 Natural disasters

Natural disasters – including earthquakes, fires, floods and storms – can devastate communities and recovery can take years. Allianz has expertise in insuring both individuals and businesses against these perils and risks. We are constantly improving our tools to identify and manage risks and support our customers when the worst happens.

Socio-economic shifts, global interdependencies and climate change all play a role in the changing extent of weather-related insurance losses. According to the World Economic Forum’s (WEF) Global Risk Report 2021¹, two of the top five global risks are linked to environmental disasters and extreme weather. In the short-term (0–2 years), extreme weather events rank third in the list of critical risks threatening the world. Climate action failure is identified as the most impactful and second most likely long-term risk.

The losses associated with natural disasters have increased 15-fold in recent decades,² implying high risk and volatility for the insurance industry. The Allianz Risk Barometer 2021³ places natural catastrophes sixth in its ranking of global business risks. Economic losses were estimated to total around \$80bn of global insured losses in 2020, up more than 40 percent from 2019. 65 percent of losses caused by natural catastrophes over the past decade were uninsured as the protection gap widened.⁴

[Read more about how we are managing the risks of a changing climate in section 02.1.2 under the heading ‘Caring for the climate vulnerable’.](#)

Increasing resilience for our customers and society

The primary role of the insurance sector is to absorb strong financial impacts that would otherwise overwhelm the capabilities of private and commercial clients. In doing so, we provide stability to societies and economies by ensuring businesses can be re-started quickly and people can re-build their homes following a catastrophe. We also advise clients on risk preventive measures to minimize their risks – both to reduce potential financial impacts and to keep businesses operational.

To scale our positive impact, we research and analyze the risk situation for all natural perils in all countries where we operate. We offer this knowledge to policymakers to support sustainable development and shape resilience measures. Climate change is a critical factor we must account for as an insurer and by sharing our expertise to support resilience. For example, we develop projects under the umbrella of InsuResilience on behalf of the Insurance Development Forum (see section 02.1.2).

[Find out more in section 02.1.2 under the heading ‘Caring for the climate vulnerable’.](#)

Assessing natural catastrophe risk

Experts at Allianz Reinsurance (Allianz Re) include meteorologists, hydrologists, geophysicists, geographers and mathematicians. Together, they model around 50 natural catastrophe (Nat Cat) Nat Cat scenarios for the Group using data captured according to best-in-class standards. Applying their risk expertise to the Allianz portfolio with its insured values, our experts assess overall exposure to Nat Cat risks. Vendor and in-house applications provide a comprehensive risk profile of any defined location which can be used as the basis for effective risk management measures. This is also used to develop risk-based pricing for Nat Cat perils and to provide portfolio managers with insight into local and regional accumulation of risks.

Allianz Re is constantly improving Cat Risk Management at Group and local levels. In 2021, we made substantial progress in establishing the Catastrophe Target Architecture. This includes the Allianz Modelling Platform, which will host all internally developed Nat Cat risk models. Through a standardized framework and process automation, the platform enables us to leverage our catastrophe claims history and our view of risk, for example to incorporate an estimation of potential climate change impacts.

We also continue to enhance our geoinformation system (GIS) tools. This enables us to deepen our understanding based on the exact geolocation of a customer’s house or a company’s production site. For floods, a peril which is expected to be impacted most by climate change, the difference of a few meters can have a big impact on the risk profile of a location.

The latest developments add vital capabilities to our applications, such as enabling underwriters to access detailed risk scores by individual Nat Cat peril for every location globally. We have also generated a method to describe and evaluate climate change-driven adjustments in natural hazard and flood risk. Our next step is to assess risks from other perils and integrate these into our decision-making processes (see section 4.5.2).

¹ https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf
² Source: Swiss Re Sigma Explorer.
³ <https://www.agcs.allianz.com/content/dam/onemarketing/agcs/agcs/reports/Allianz-Risk-Barometer-2021.pdf>
⁴ Source: sigma 1/2021, Swiss Re Institute.

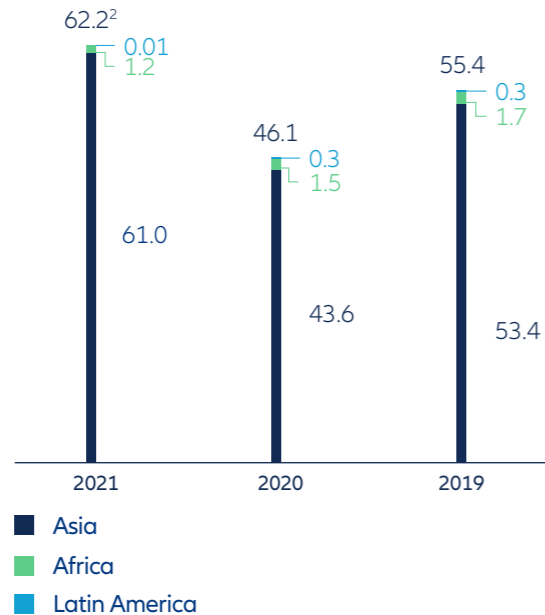
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02.1.4 Emerging consumers

Our purpose – ‘We secure your future’ – includes providing emerging consumers with affordable and effective insurance solutions. Allianz is committed to closing the protection gap and providing access to affordable insurance solutions to support lower income populations.

People insured in mn¹



1 The number of insured people and revenue data includes figures from non-consolidated entities outside the reporting boundaries (GRI 102-45).
 2 Due to change in scope, additional 15.5mn insured reported from Indian government-sponsored health schemes.

Increasing the resilience of the most vulnerable against the risks they face is one way in which we create positive social impact through our core business.

Reaching underinsured customers

The emerging consumers market, defined as lower-income populations in Africa, Asia and Latin America, consists of more than half of the world’s population. Emerging consumers are usually first-time buyers of formal insurance products and often do not have a bank account. Developing non-traditional offerings, innovative distribution models and accessible payment

channels are strategies to reach and service this target segment. Products and processes must be simple and relatable and distribution models need to be cost-efficient to maximize client value.

Digitalization is unleashing opportunities, with affordable insurance and health services increasingly delivered via mobile technology. This trend accelerated during the COVID-19 pandemic. To leverage these opportunities, we are expanding our partnerships with companies that provide digital technologies and go-to-market approaches to complement our core capabilities, tailored to the requirements of the emerging consumers segment.

Examples of our core emerging consumer solutions include Credit Life Insurance, Funeral Insurance, Health insurance and Crop insurance.

In 2021, we insured 62.2 million people² in the emerging consumers segment (2020: 46.1 mn insured). Revenues were at € 510.2 million (2020: € 452.2 mn) – equivalent to around € 8.2 in annual revenue per insured² for this market. Allianz consolidated entities served 9.7 million insured (2020: 10 mn) and contributed revenues of € 45.2 million. Additional data about our emerging consumer business can be found in [Table ESG-6](#).

Building confidence in tomorrow...

...by building the next generation of healthcare and insurance solutions

In summer 2019, we teamed up with emerging market digital healthcare and insurance leader BIMA and German development agency GIZ to grow affordable digital healthcare subscription plans in a sustainable way. Our shared aim was to reach one hundred thousand additional customers in Ghana with new offerings supported by a new type of hybrid retail delivery model.

A key endeavor was to smartly combine face-to-face interaction with digital elements to

ensure continuous customer engagement after a human-touch sale. Core elements developed within the project include 1) a customer-centric app for sales agents, 2) customer experience centers, 3) digital onboarding journeys, 4) digital health programs providing advice on health needs.

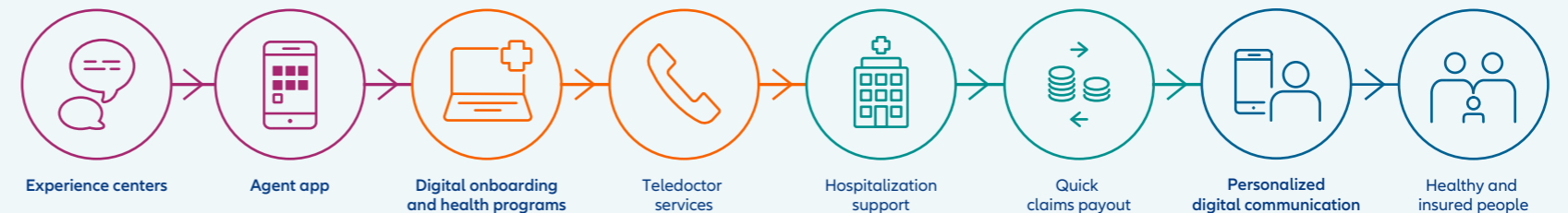
Despite the COVID-19 pandemic, the number of insured grew from 80k in 2019 to 184k in 2021, with 87 percent of active customers subscribing to receive health programs and 40+ percent of

customers indicating they can better manage their health thanks to the offering.

This is evidence that it is possible to sustainably run direct-to-consumer healthcare subscription and microinsurance models, which is a huge step towards effectively addressing the protection needs of many underserved population groups in emerging markets.

[Watch the video here and read more in the GIZ report here.](#)

New customer journey developed within the public-private partnership



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02.1.5 Sustainable solutions

Through our sustainable insurance solutions, we enable customers to be more sustainable and create positive impacts for the environment and society. We promote a more equitable society through access to financial products and services for people on lower incomes. As part of our sustainable solutions approach, we also track such solutions from our asset managers. To learn more about their approach (see section 02.3).

Allianz local entities and global lines work continuously to innovate and develop new and existing sustainable products and services for customers:

- We are a partner in the transition to a low-carbon economy, delivering products and services with a positive environmental or climate-related impact (see section 01.5).
- Our insurance, risk management solutions and advice enable individuals, companies and governments to implement renewable energy projects and manage climate-related risks (see section 02.1.2).

We differentiate between three categories of sustainable solutions when we define and develop sustainable solutions:

Sustainable solutions categories		
Sustainable insurance solutions	Sustainable insurance solutions are products and services that directly address environmental and/or social risks and opportunities.	Examples include: <ul style="list-style-type: none"> • Insurance coverage for electric vehicles and development of batteries; • Life and health insurance products targeted at people with disabilities and designed to offer the necessary benefits.
Insurance solutions with a sustainability component	The inclusion of sustainability components in standard products is becoming increasingly common. In 2018, we decided to differentiate standard insurance products with additional environmental and/or social benefits.	Examples include: <ul style="list-style-type: none"> • Add-ons to standard home insurance products offering environmental-friendly upgrades; • Premium insurance discount for electric vehicles.
Emerging consumer solutions	Emerging consumer solutions include affordable microinsurance and other insurance products that cater to customers entering financial services markets for the first time.	Examples include: <ul style="list-style-type: none"> • Life and health insurance products at affordable premiums; • Third-party liability motorcycle cover at affordable premiums.

In 2021, we generated revenues totaling € 1,484.7 million¹ from 162³ sustainable solutions (2020: € 1,448.9 mn) through our Sustainable Solutions program.

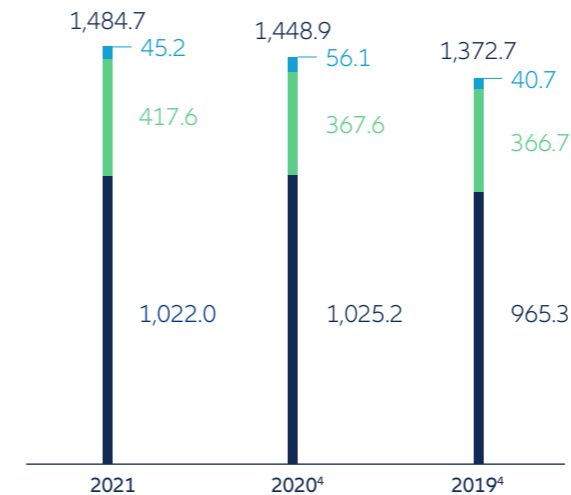
They include:

91
Sustainable insurance solutions

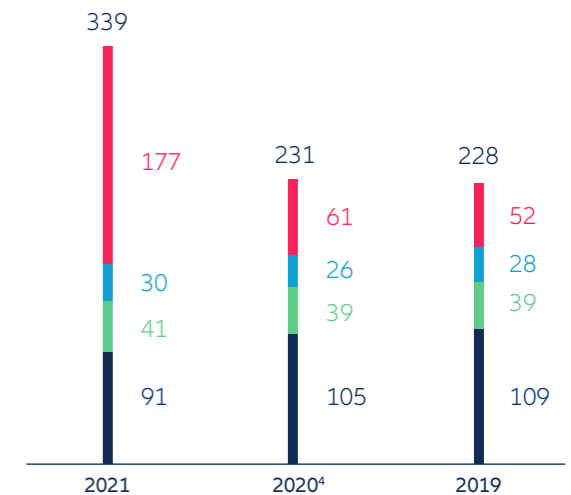
30
Emerging consumer solutions³

41
Insurance solutions with a sustainability component

Sustainable solutions¹
Revenues by sustainable solution category
€ mn



Number of sustainable solutions by solution category³



¹ Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability.
² Revenue data for insurance solutions with a sustainability component is only included when this component can be clearly separated from other parts of the revenue.
³ Our current data collection process does not allow for a complete tracking of the number of sustainable solutions. Number of solutions data is included subject to data availability.
⁴ Data was restated due to reclassification of certain products and minor corrections.

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Sustainable solutions evaluation

In order to be classified as a sustainable solution, a product or service must fulfil at least one of six environmental and social criteria, described in further detail in section 03.11.1 of the Allianz ESG Integration Framework. For products categorized as sustainable under this definition, we track and publish key metrics such as revenue.

As sustainability classification and product labeling regulation is increasing in many markets, we have kicked-off projects to review our definition in light of evolving regulation. This may lead to changes in our future disclosures.

Environmental criteria

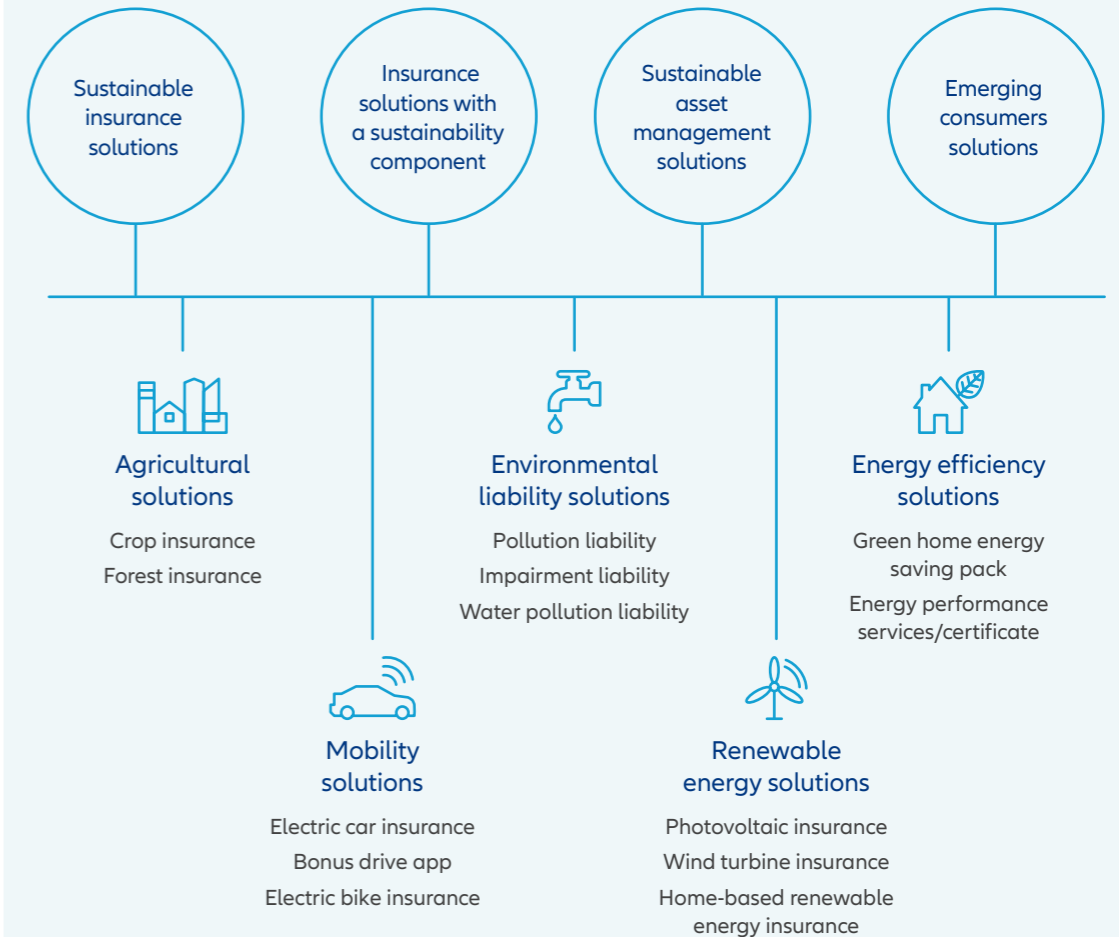
1. Supports development of sustainable technology and markets such as renewable energy, environmental goods and services, and/or green infrastructure.
2. Conserves natural resources or biodiversity or helps to mitigate against climate change (e.g. solutions that encourage or reward environmentally responsible behavior).
3. Protects against environmental risks and supports adaptation to climate change impacts (e.g. insurance or incentives to manage weather-related risks).

Social criteria

4. Facilitates activities to tackle social challenges and issues faced by socially disadvantaged groups (e.g. insurance tailored to social value-adding products/services that would otherwise not be insured).
5. Specifically tailored solutions for socially disadvantaged groups (e.g. products aimed at reducing the risk of underserved groups by providing otherwise unavailable access to finance).
6. Raises awareness to prevent and mitigate challenges faced by socially disadvantaged groups¹ (e.g. products that include cause-related marketing or support schemes managing weather-related risks).

What do we mean by sustainable solutions?

Examples of Allianz products with an environmental or social added value



¹ Our emerging consumer solutions have reached over 9.7 million¹ (2020: 10.1 mn) people living on low incomes in Asia, Africa and Latin America with affordable microinsurance and micro-savings solutions (see section 02.1.4). Socially disadvantaged groups are defined as populations that are excluded in their local society for reasons that may be tied to age, sex, disability, race, ethnicity, origin, religion, economic or other status.

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Sustainability in proprietary investments performance data

This section contains data related to the sustainability performance of Allianz Group.

Data in this section is part of the Managing Sustainability, Sustainable Insurer and Responsible Investor Chapters.

Table ESG-7

Proprietary sustainable investments

Proprietary Investments € bn

As of December 31		2021	2020 ¹	2019 ²
Global Portfolio ESG screened	€ bn	849.2 ³	835.0 ³	795.0 ³
Sustainable investments	€ bn	123.1	127.0	n/a
Thereof environmental objectives	€ bn	109.9	115.6	n/a
Thereof social objectives	€ bn	12.0	10.8	n/a
Thereof environmental and social objectives	€ bn	1.1	0.5	n/a
Asset class breakdown				
Thereof sustainable sovereigns	€ bn	84.1	92.7	n/a
Thereof sustainable corporates and others	€ bn	25.5	21.9	n/a
Thereof renewables	€ bn	7.0	6.9	n/a
Thereof green buildings	€ bn	6.4	5.6	n/a

Table ESG-8

Divestment from coal-based business models

Proprietary Investments € mn

As of December 31		2021	2020	2019
Cumulative divestment since November 2015				
Fixed income investments to run-off or already disposed	€ mn	5,983.0	5,983.0	5,942.7
Listed equities divested	€ mn	347.5	347.5	340.5
Additional divestments				
Additional fixed income investments to run-off	€ mn	0.0 ⁴	40.3	236.0
Additional listed equities divested	€ mn	0.0 ⁴	7.0	14.0

1 KPIs were not part of the audit engagement.

2 Definition was newly introduced in financial year 2021, no comparison figures for 2019 disclosed.

3 Based on economic view.

4 Given the extensive Freeze of positions that could breach new ambitious thresholds for coal based business models coming into effect in 2023, no additional divestments are reported for 2021.

5 Multiple topics per engagement possible.

Table ESG-9

Sustainability engagement: overview

	2021	2020	2019
Number of active engagements	61	68	49
Engagement outcomes			
Engagement closed successfully	21	3	4
Engagement closed with restrictions	2	8	1
Engagement on-going	38	57	44

Table ESG-10

Sustainability engagement: region

As of December 31	2021	2020	2019
Europe	15	17	18
Asia Pacific	22	25	12
North America	17	20	15
Emerging Markets	7	6	4

Table ESG-11

Sustainability engagement: sector

As of December 31	2021
Oil, Gas and Energy	34
Metals and Mining	7
Steel and Cement	7
Chemicals	3
Construction and Engineering	5
Other	5

Table ESG-12

Sustainability engagement: topics⁵

As of December 31	2021
CO ₂ Emissions and Management	48
Health, Safety and Human Rights	17
Toxic Emissions and Waste	6
Product Safety	2
Biodiversity and Land Use	4
Other	3

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02.2.1 Integrating sustainability in proprietary investments

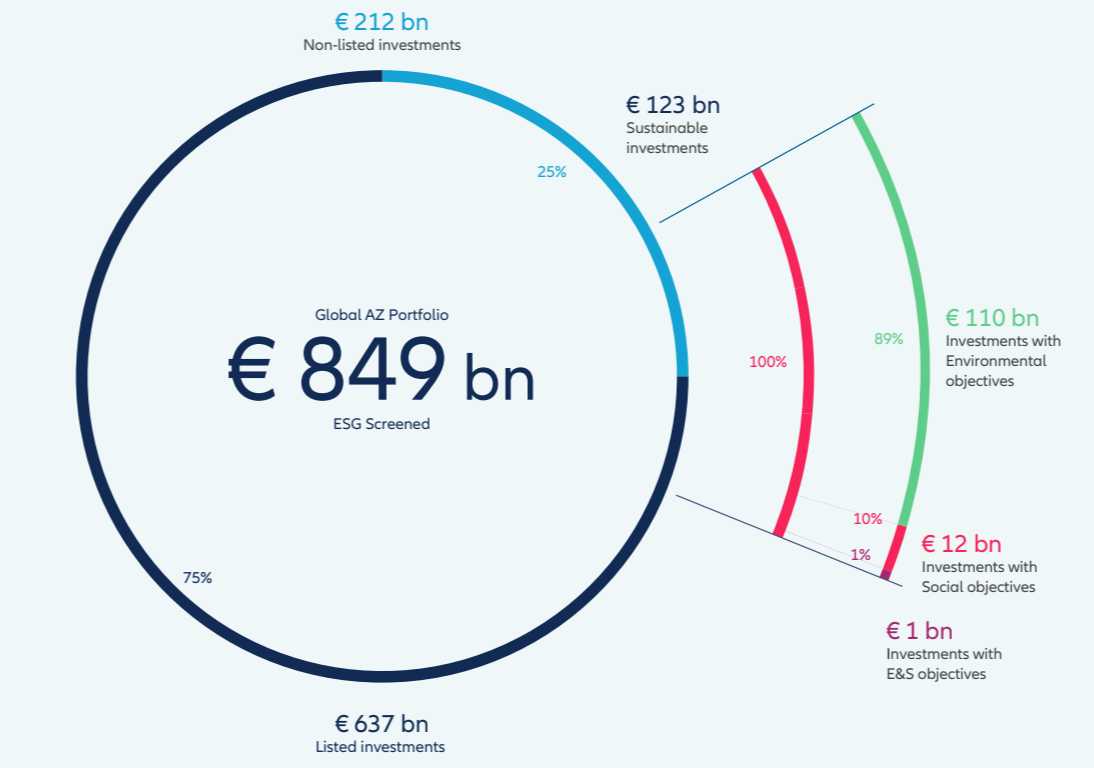
Sustainability integration and engagement

Sustainability integration is fundamental to our investment processes to ensure we consider risks and opportunities that extend beyond traditional investment considerations. Integration of sustainability across our proprietary investments is steered by Allianz Investment Management (AIM) globally across all portfolios, regions and asset classes. AIM is the main group-wide investment management function for proprietary assets. It works closely with Global Sustainability and with our internal asset managers, PIMCO and Allianz Global Investors (AllianzGI), to develop investment-related approaches such as the coal phase-out plan and sustainable investment strategies.

We are committed to the Principles for Responsible Investment (PRI) and are part of a U.N.-supported international network of investors working together to promote the incorporation of sustainability into investment decision-making. The PRI guide our approach to responsible investment and drive continuous improvement across our businesses. In addition to the disclosures contained in this report, we report annually to the PRI as an asset owner.¹

Our sustainability integration approach as an asset owner

This is a simplified visualization of our sustainability integration approach across our proprietary investment portfolio and asset classes (illustration not to scale).



Due to a change in the timings, the PRI results for 2021 reporting are due in June 2022. Please see our latest PRI assessment results from 2020 in the Allianz Sustainability Report 2020.

[Our latest and past PRI Transparency Reports can be found on our profile on the PRI website.](#)

We have invested more than € 849 billion³ in a wide range of asset classes (2020: € 835 bn). We systematically integrate sustainability considerations across our entire investment portfolio² and enhance and deepen our approach, which is comprised of the following elements:

1. Asset manager selection, appointment and monitoring

As an asset owner committed to the PRI and a founding member of the U.N.-convened Net-Zero Asset Owner Alliance, our position on sustainability and our climate ambitions are clear; it is critical for the insurance industry to support real world decarbonization in line with 1.5°C.

Our portfolio goals cannot be achieved without the close collaboration and support of asset managers. We select and appoint asset managers that align their activities with our long-term interest in limiting climate change. To support this, we have defined minimum expectations and systematic engagement and monitoring practices for asset managers.

¹ Allianz SE and Allianz Investment Management SE jointly prepare Allianz's disclosure to the PRI as an asset owner, while AllianzGI and PIMCO each prepare a PRI Report as asset managers.

² Sustainability integration processes and coverage vary by asset class and between the type of portfolio and mandate. Minimum standards for sustainability integration are in place for covering all investments through the Allianz sustainability Functional Rule for Investments.

³ Figures based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including For Valuation Only (FVO), trading and real estate own-use).

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We require all asset managers investing on our behalf to integrate sustainability considerations into their investment and stewardship processes for both public and non-listed assets (see [Table ESG-14](#)). Asset managers must meet the minimum obligation of being a PRI signatory or having their own qualified sustainability, responsible investment, and/or ESG policy. More than 99 percent of our assets are managed by asset managers that meet this minimum requirement.

AIM systematically reviews and evaluates the sustainability approaches of external asset managers, including their climate change-related strategies and decarbonization approach. Engagement dialogues focus on governance structures to ensure clear responsibilities for overseeing sustainability matters, systematic monitoring approaches for sustainability risks and opportunities, stewardship activities to ensure climate ambitions are aligned with our interests, and engagement approaches to improve sustainability practices in investee companies. At the sourcing stage, we require all asset managers in the public equity asset class to meet the expectations of the U.N. Net-Zero Asset Owner Alliance voting expectations document.¹ When we engage with asset managers that are found to lag in one area of their approach but meet our overall expectations, we set expectations for improvement and we monitor their progress. This is an important step towards our goal to have a positive real-world impact and proactively address climate change.

2. Systematic integration of sustainability factors – sustainability referral and assessment process

For non-listed investments such as real estate, infrastructure and private equity, we address sustainability risks through a detailed referral

process. We have published guidelines for ESG sensitive business areas (see the Allianz ESG Integration Framework sections 03.3 and 03.4). ESG screening is mandatory for all transactions within these areas. Initial ESG screening is carried out by responsible investment professionals within the asset management unit.

Detection of a sustainability risk triggers a referral process which leads to a detailed assessment of the potential risk by Global Sustainability and the AIM ESG team. Based on the outcome of this assessment, a decision is made whether to proceed with a transaction, to proceed and require mitigation and management of sustainability risks, or to decline a transaction on ESG grounds. From time to time, assessments may require additional discussion between the asset manager, Global Sustainability, the AIM ESG team, Group Communications or Group Risk to better understand the nuances of the transaction and effectively assess the sustainability-related risks.

In 2021, 71 investment transactions were assessed (2020: 65) (see [Tables ESG-1 to 3](#)).

3. Systematic integration of sustainability factors – ESG scoring

Our sustainability scoring and engagement approach systematically identifies and manages risks in our listed proprietary investment portfolio. We apply an ESG scoring process to all listed assets including sovereign bonds, corporate bonds and public equity. The scoring process assesses the sustainability performance of individual issuers across 35 different key issues (e.g. carbon emissions, toxic emissions and waste, labor management, business ethics, etc.) using sustainability data provided by external data provider, MSCI ESG Research. This information is used to consider sustainability criteria in investment selection,

leading to a more holistic steering of our portfolio and targeted management of sustainability risks and opportunities.

We have set a clear sustainability performance threshold below which investments are deemed ‘ESG critical’. The list of issuers in our portfolio that score below the threshold is monitored by the AIM ESG team. An asset manager with investments on this list must ‘comply-or-explain’ – meaning either reallocate to another issuer or explain and provide reasons for holding these issuers. The reasoning and approach taken by the asset manager is discussed and assessed during regular sustainability deep-dive meetings with asset managers. In cases where the reasoning provided is not sufficient to address the sustainability concerns, the AIM ESG team will ask for an escalation approach to be applied to the issuer or will consider excluding the issuer from our investable universe.

4. Active engagement

The role of engagement as an effective and meaningful tool to address sustainability concerns in investment portfolios has garnered widespread acceptance among the investment community. Engagement is a cornerstone of active ownership as set out by our PRI commitment and it is the most direct way to represent our interests to companies in our portfolios.

For Allianz, engaging on sustainability topics with our portfolio companies has become an expectation of our customers and stakeholders. It also makes clear business sense. When the companies we invest in emphasize creating value for all stakeholders, they are better positioned to generate sustainable, long-term business success and to deliver better results for our customers, whose premiums we invest.

Our ESG scoring and engagement approach systematically identifies and manages risks in our listed proprietary investment portfolio



We continue to use our sustainability engagement program as an established, consistent way to address sustainability issues and support sustainable programs among the companies in which we invest. It is also an effective way to leverage the diversity of employees from business functions and geographies to participate in the sustainability efforts of Allianz globally. Engagements involve the AIM ESG team who represent Allianz’s broad interests and colleagues from the Allianz entity, which is close to the business and responsible for developing our expectations and objectives and representing them with the company’s management. Our 2021 progress is described below under ‘Bilateral engagements’.

¹ <https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/16-Elevating-Climate-Diligence-2.pdf>

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Our engagement community is evolving as the need to magnify real-world impact on systemic issues such as climate change places new emphasis on investor-led collaborations. We have increased our collaborative engagement to amplify the positive impact of our efforts. Progress in this area is also described below under ‘Collaborative and climate engagements’.

Bilateral engagements

We would not contribute to driving positive change if we automatically withdrew our investments when issues arose rather than engaging in a dialogue to address them. That is why proactive engagement is integral to our sustainability strategy.

The AIM Sustainability engagement team leads in-depth research using information from MSCI ESG Research, other sustainability data and intelligence providers and the respective corporate disclosures or publications of each company. Wherever possible, we involve Allianz colleagues that are based in the same country or region as the company we are addressing to solidify our global and collaborative approach.

Questions, requests and expectations related to identified sustainability risks or opportunities are submitted to the company for a written reply. Based on the company’s response and backed-up by official company documents, the engagement team may conduct further engagement activities such as clarifying open points, requesting additional disclosures and conducting in-person (virtual) meetings with management. We request that any commitments the company makes to address the sustainability issues raised are integrated into their annual reporting or other published materials approved by management. This level of transparency is an important step to formalize commitments and hold the company accountable.

Each engagement is monitored to track responsiveness of the company and progress against identified sustainability issues. If the company shows significant action to improve their sustainability risk management and/or to solve and prevent further sustainability issues, the engagement is closed as successful. Should a company’s answers continue to prove insufficient, show no willingness to improve sustainability performance, or fail to respond to our engagement communications, our team recommends the restriction of all investments in the company. This recommendation is received and reviewed by the Chairperson of the Group Sustainability Board who subsequently approves the restriction of the company from all proprietary portfolios.

In 2021, we opened or continued direct engagement discussions with 61 investee companies, based on low ESG scoring. 21 of these engagements were considered successful and were closed, two were closed without success and the remaining 38 are ongoing or continue to be monitored. A comparison versus the previous year can be found in [Table ESG-9](#).

[You can read more about this in our Asset management section 02.3.](#)

Collaborative and climate engagements

Collaborative engagements can take the form of multiple investors addressing a single company or addressing multiple companies and their value chain in a single sector at the same time. Collaboration consolidates the efforts for the parties involved, allowing for more efficient and solution-oriented discussions at a greater level of detail. In 2021, we continued to take an active role in the Climate Action 100+ initiative by co-leading engagements (see section 02.2.3).

5. Active ownership

Voting rights are exercised by AllianzGI on the Allianz Group’s behalf. Details on the AllianzGI’s voting policy and voting records can be found online.¹

[You can find Proxy Voting Records on the AllianzGI ESG web page.](#)

[Further information on AllianzGI’s proxy voting activities can be found in section 02.3.](#)

6. Excluding certain sectors, companies and sovereigns

Our exclusion approach covers multiple aspects with exclusion lists updated annually based on data from external service providers and inhouse research.

1. Exclusion and restriction of certain sectors, such as companies producing or associated with controversial weapons² and companies involved in coal and oil sand-based businesses.
2. Restriction of investments in sovereign bonds from countries associated with severe human rights violations and significant issues managing sustainability concerns.
3. Exclusion and restriction of issuers as a result of the scoring and engagement process.

¹ Please note that this reporting covers Allianz’s proprietary insurance assets as well as assets from third-party clients on whose behalf AllianzGI exercises voting rights.

² Weapons that fall under the scope of the following international conventions: Ottawa Convention (anti-personnel landmines); Convention on Cluster Munitions (cluster ammunition/bombs); Biological and Toxin Weapons Convention (biological weapons); and Chemical Weapons Convention (chemical weapons).

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02.2.2 Sustainable investments

Our strategy for sustainable investments provides capital for financing the transition to a low-carbon economy. We actively pursue investment opportunities that support solutions to environmental and societal challenges, aligned with the U.N. Sustainable Development Goals (SDGs), and facilitate the timely transition to a net-zero world.

In 2021, we reviewed our definition of sustainable investments to follow the rules set by E.U. Sustainable Finance Disclosure Regulation (SFDR) Article 2(17). These define sustainable investments as investments in economic activities that contribute to environmental and/or social objectives provided

that such investments do not significantly harm any of those objectives and that good governance practices are respected.

Under our revised definition, all investments labeled as sustainable have to comply with all of the following three criteria:

1. Positive contribution to an environmental and/or social objective;
2. Do no significant harm; and
3. Follow good governance practices.

With respect to the three criteria, we have developed an assessment approach to identify sustainable investments across a range of asset classes. Our assessment is data-driven and based on best available data from internationally recognized data aggregators and our own judgement, where applicable. We will periodically

review our assessment approach and data sources to develop a best-in-class sustainable investments framework.

Sustainable investments asset classes:

- **Sustainable corporates** and other (including Green, Social and Sustainability Bonds)
- **Sustainable sovereigns** (including Green, Social and Sustainability Bonds)
- **Renewables**
- **Green buildings**

Sustainable investments assessment approach:

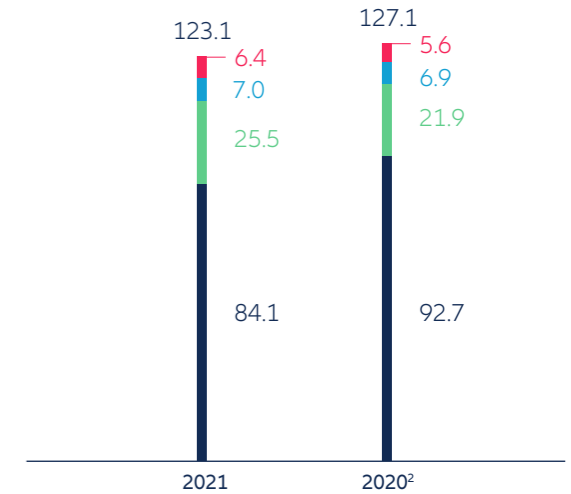
Criteria	Corporates	Sovereigns	Renewables	Green buildings
1. Meet positive environmental and/or social objective	Percentage of revenues from identified positive environmental and/or social activities are labelled as sustainable	Sovereigns that have net-zero and/or climate neutral targets are reviewed extensively (target ambitions, ESG scores etc.) and subsequently deemed as sustainable	Renewables are labelled as sustainable by default	Buildings in compliance with internal green label thresholds are labeled as sustainable
2. Do no significant harm	Principle Adverse Impact Indicators (PAII) screening, as set out by EU Sustainable Finance Disclosure Regulation (SFDR), on a best effort basis, and exclusion of companies deriving any percentage of revenues from non-sustainable business activities ¹ and/or with low ESG scoring	PAII screening, as set out by EU SFDR, on a best effort basis, and exclusion of low ESG scoring sovereigns	Internal sustainability due diligence process on a best effort, basis, using for example ESG sensitive business guidelines, details of which can be found in Allianz ESG Integration Framework	PAII screening, as set out by EU SFDR, on a best effort basis
3. Good governance practices	Assess for governance and labor rights controversies	Assess for human rights and governance violations	Internal sustainability due diligence process	Internal compliance screening

¹ Non-sustainable business activities include but are not limited to revenues generated from adult entertainment, alcohol, weapons, fossil fuels, tobacco, gambling etc. A zero tolerance approach is applied for companies generating revenues from these activities. Green bonds are exempted from fossil fuel activity screening due to climate friendly use of proceeds of these bonds.

² Previous year numbers were not part of the audit engagement.

Sustainable investments

Investments by asset class
€ bn



- Sustainable sovereigns
- Sustainable corporates and others
- Renewables
- Green buildings

At the end of 2021, our sustainable investments totaled € 123.1 and were comprised of:

- Sustainable investments contributing to environmental objectives € 109.9 bn
- Sustainable investments contributing to social objectives € 12.0 bn
- Sustainable investments contributing to environmental/social objectives € 1.1 bn

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Exploring the difference between sustainable investments and EU Taxonomy regulations.

Sustainable investments definition by the Sustainable Finance Disclosure Regulation (SFDR) is principle based; qualifying investments shall have an environmental or social objective, do no significant harm to any of those objectives and have good governance practices. Based on these principles and with respect to the detailed and still evolving framework set by the EU Taxonomy, which is amending the SFDR, we developed our own conservatively calibrated approach covering our main asset classes and all regions globally. Through this approach, we identify around 15 percent of our portfolio as sustainable investments, in line with the EU regulation.

The EU Taxonomy is a tool to help investors understand whether an economic activity is environmentally sustainable and to navigate the transition to a low-carbon economy. It follows roughly the same structure as sustainable investment regulation (e.g., objective, do no significant harm and social safeguarding) but it is very detailed and not principle based. The Taxonomy defines qualifying criteria on a single business activity level. Only climate adaptation and mitigation objectives are currently in-scope objectives, with more environmental and social objectives to come in the next years.

The data reporting universe for the EU Taxonomy is regulated by the Non-Financial Reporting Directive (NFRD), covering only investments into European companies with activities which are in scope of the EU Taxonomy and assets where we are in a control position, meaning in simplified terms that we are an equity investor and fully consolidate the assets on our balance sheet.

As Allianz is pre-dominantly a debt investor with a globally diversified portfolio, large parts of our assets fall outside the application of the EU Taxonomy. For example, sovereign debt is not in scope of the EU Taxonomy. Also direct debt financing of renewable projects is outside the scope of EU Taxonomy reporting. Additionally, regulation foresees reporting based only on self-reported data of companies rather than estimations so our reporting will phase in over time as in-scope companies will report for the first time in their full-year 2022 disclosure.

As EU Taxonomy alignment criteria are difficult to assess and takes time for companies and investors to analyze, EU regulation foresees that investors will report this year only on Taxonomy eligibility and not alignment. This means that a business activity is eligible whenever it is covered by the Taxonomy. Only the second step – assessment of alignment – will reflect how climate-friendly a business activity is. For example, electricity generation is a business activity covered in the Taxonomy and all power plants are eligible, but only assessment of alignment distinguishes between coal power plants and renewables – and this assessment will not take place until 2022.

The Taxonomy eligible assets for the actual reporting period therefore only contain assets where we are in a control position – namely part of our Real Estate portfolio and equity investments into renewables – as well as our exposure to mortgages.

Taxonomy-eligible investments in 2021 totaled € 76.9 billion.

Investing in a net-zero economy

We have a growing global portfolio of climate solutions including investing in renewable energy, energy innovations and fostering the transition to a net-zero economy. Examples include investments in the AllianzGI Renewable Energy Fund and financing measures that reduce energy consumption, resource use and GHG emissions. We are committed to increasing our exposure in renewables by 5.85 percent per year in line with the International Renewable Energy Agency projections.

Investing in emerging economies

For the achievement of a global net-zero economy, it is pivotal to close the large financing gap prevailing in emerging economies. We actively pursue investment opportunities in these markets alongside development finance institutions, donors and other impact investors. Utilizing blended finance structures allows us to access new markets and tap into growth opportunities, such as for example our funding to innovative SMEs and start-ups in Africa through Allianz Global Investor's AfricaGrow fund of funds. Another example includes our investment into responsAbility's Global Climate Partnership Fund, which fosters energy efficiency and renewable energy investments for SMEs and private households in emerging countries and thus contributes to the reduction of GHG emissions. Through GAWA Capital's Huruma Fund we also support improving the access to financing for small or excluded farmers in rural areas of Latin America, the Caribbean, sub-Saharan Africa and Asia, thereby helping to improve the quality of life of farmers in the target regions.

By investing in the Allianz Impact Investment Fund, which is managed by AllianzGI, we further promote the generation of measurable environmental and / or social impacts in Europe through investments in private debt and equity opportunities across a range of sectors such as for example energy supply and energy efficiency as well as health and care.

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02.2.3 Climate change and decarbonization

The financial sector has a crucial role to play in enabling a low-carbon future. As asset owners, we are uniquely positioned to help shape the global economy and financial systems. This includes driving the decarbonization of investment portfolios and supporting greenhouse gas (GHG) emission reductions in the real economy.

We strategically consider climate criteria in all our business lines. Our long-term commitment is to achieve net-zero GHG emissions in our proprietary investment portfolio by 2050, in line with the Target-Setting Protocol of the U.N.-convened Net-Zero Asset Owner Alliance (AOA). This means that, as asset owners, we will assist, incentivize and require our portfolio companies to embark on decarbonization pathways consistent with the 1.5°C objective of the Paris Agreement. As our portfolio companies progress towards low-carbon business models, we will automatically see our portfolio decarbonize.

We use leading academic climate scenarios like the ones used for the reports by the Intergovernmental Panel on Climate Change (IPCC) to determine alignment with our goal. Targets are based on scenarios which foresee swift emission reductions and project that the 1.5°C goal is not, or is only slightly, overshoot. 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.

Allianz has set an intermediary target to reduce GHG emissions by 25 percent by year-end 2024 compared to a 2019 baseline for its equity and tradeable corporate bonds portfolio. In addition to traditional investment criteria, we assess whether equities and corporate bonds are in line with a 1.5°C pathway. In 2021, Allianz has reached the -25 percent decarbonization target of its equity and corporate bonds portfolio. Target achievement was supported by estimated four to five percent from COVID-19 shutdowns and estimated three percent from positive market developments. The normalized emission reduction in 2021 is estimated at 16 percent and driven by active portfolio measures and emission reduction of investee companies. We also target that our direct real estate portfolio will be aligned with science-based 1.5°C pathways by year-end 2024.

Furthermore, in 2021 we have introduced new targets for our equity and debt infrastructure investments.

These targets foresee:

- Full transparency on financed emissions latest by year-end 2023 for all investments.
- For direct equity investments an absolute carbon reduction of 28 percent by year-end 2025.
- New direct (equity and debt) investments in high emitting assets only in case a 1.5°C aligned decarbonization plan is in place.
- Phase in of net-zero targets for new fund investments until year-end 2024.

These portfolios make up around 36 percent of the global Allianz portfolio. For other asset classes, the AOA is working to define methods on how to measure climate change-related

performance and how to set appropriate targets. Allianz is working with the U.N.-convened Net-Zero AOA to finalize the methods for sovereign bonds as next asset class. We will set targets for this asset class within 12 months after the recommended methodology is released by the AOA.

Engagement at the industry level

To support the shift towards a low-carbon economy, we are also active at the industry sector level. Our interim targets for year-end 2024 focus on two of the highest emitting-industries: Utilities, and Oil and Gas:

Utilities: Complementing our coal phase-out commitment by gradually increasing our investments in renewables and following at least the necessary annual growth rate of 5.85 percent as proposed by the International Renewable Energy Agency (IRENA).

Oil and Gas: Supporting the commitment set out by the industry-led Oil and Gas Climate Initiative (OGCI) to limit the emissions intensity for Scope 1 and 2 emissions of companies in their exploration and production business ('upstream') to less than 20 kg CO₂e per barrel of oil and aligning our Oil and Gas exposure on average listed equity and corporate bonds portfolio to this intensity level. Engaging with companies to set net-zero targets on Scope 1 and 2 emissions by 2050. By 2025, we aim for at least 50 percent of our assets under management in the oil and gas sector to have set these targets. Similar to our own Scope 3 targets, the oil and gas industry also has a responsibility to reduce their Scope 3 emissions, which mainly are the emissions resulting from the burning of oil and

gas downstream. Most of oil and gas companies have not yet set Scope 3 targets making it difficult to track progress. We are reviewing our approach to engaging companies around Scope 3 emissions.

We also aim to increase our bilateral engagement activities by at least 100 percent by end of 2024. In addition we will increase our participations in collaborative engagements such as CA100+ and will drive sector and asset manager engagements activities as part of the AOA.

In 2021, Allianz released an update of its policy on coal-based business models which defined in particular even more ambitious thresholds from 2023 and a clear pathway to further reduce thresholds in the future. In order to smooth the transition to these stricter pathways, issuers which are expected to potentially breach the new thresholds from 2023 were put on Freeze, which means, no exposure increase is allowed. This Freeze affected € 0.2 billion public equity and € 3.4 billion fixed-income exposure. Given this extensive Freeze, there are no additional divestments reported for 2021.

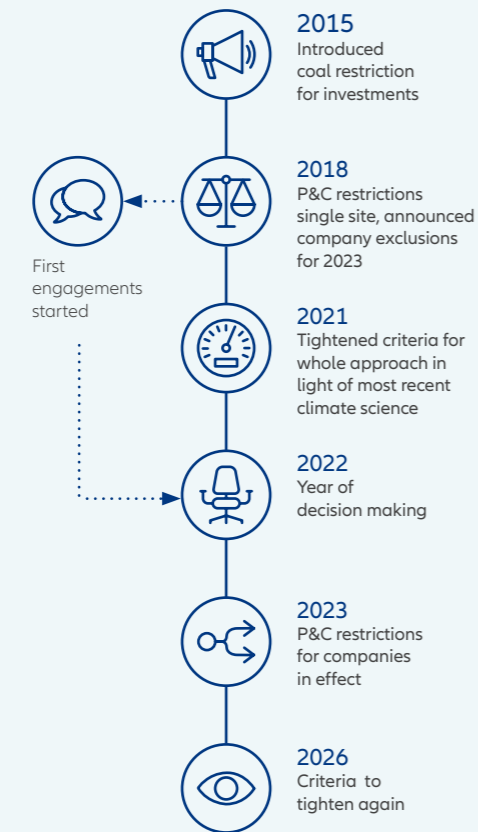
[For more information on our portfolio carbon footprint, see our Climate-related financial disclosure \(section 04\) and section 3.9.2 of the Allianz ESG Integration Framework.](#)

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For further information, please see our climate-related financial disclosures and the Allianz statement on coal-based business models in section 4.

Coal restrictions in place since 2015



Building confidence in tomorrow...

...by driving net-zero emissions with the U.N.-convened Net-Zero Asset Owner Alliance

By the end of 2021, the U.N.-convened Net-Zero AOA had grown to include 61 asset owners from around the globe, representing assets under management of over 10 trillion U.S. dollars. New members that joined during the year include Nippon Life Insurance Company, Sumitomo Life Insurance, African Risk Capacity, Sparkassen Versicherung and Pensioenfonds Detailhandel, among others. The insurance associations of France, Germany and Switzerland also became supporters to encourage members to join and to support them in this process.

Members of the Alliance commit to set intermediary decarbonization targets every five years for their portfolios. 50 percent of members have set a 2025 science-based target based on the Alliance's Protocol with the remaining 50 percent due to set targets in 2022. This is unparalleled anywhere in the private sector and is captured in the Alliance's first public report on progress, published in October.¹ Allianz has set an intermediary target of reducing GHG emissions by 25 percent by the end of 2024 compared to 2019.

The Alliance 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 and the P1-P3 IPCC scenarios, no or low over-shoot. Beyond guiding and helping members to set targets, the initiative also helps members achieve targets through a variety of outputs such as Alliance Positions on Thermal Coal, Blended Finance, Carbon Pricing and Negative Emissions Technologies (NETs).

To achieve meaningful impact, members' portfolio transition to net-zero should primarily lead to emission reductions in the companies in which they invest, in and not only in portfolios. To this end, members are engaging with portfolio companies and asset managers, directly and through concerted sector roundtables, and with governments and public policies. In 2021, the Alliance published position papers on governmental carbon pricing as well as on the role of atmospheric carbon removal in achieving net-zero emissions.

The Alliance published its first report on progress in October 2021.

Find out more online: [U.N. Environment's AOA Website.](#)

Building confidence in tomorrow...

...as a member of Climate Action 100+

Allianz is an active member of Climate Action 100+ (CA100+) which aims to engage with 167 of the world's largest corporate GHG emitters to set GHG emission reduction targets, strengthen climate-related financial disclosures and improve governance on climate change.

More than 600 investors, both asset owners and asset managers have now signed up to the initiative – representing over 60 trillion U.S. dollars in assets under management. Allianz is a lead engager on two of the CA100+ target companies and we collaborate on a further three. Our effort has included introducing the CA100+ Net-Zero Company Benchmark to the companies we engage with and supporting the initiative's broader role 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.

We have seen a significant increase in commitments from many CA100+ companies and we continue to support cooperative dialogues with target companies in pursuit of increased climate ambition, transparency, governance and reporting.

¹ <https://www.unepfi.org/wordpress/wp-content/uploads/2021/10/AOA-Progress-Report-2021.pdf>

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02.2.4 Sustainability in real estate investments

We are working to reduce the GHG emissions of our portfolio to net-zero by 2050 by embedding sustainability criteria and collaborating with others to strengthen sustainability activities across real estate management and investment.

Allianz Real Estate develops and executes tailored portfolios and investment strategies for Allianz insurance companies and pension funds around the world, as well as for third-party clients. In 2021, Allianz Real Estate and other Allianz operating entities invested proprietary assets totaling € 6.4 billion (2020: € 5.6 bn) in green buildings, including equity and debt investments. This equals a share of 11 percent of our total real estate portfolio of € 59.5 billion.

With the increasing focus on decarbonization, real estate assets face significant costs in meeting higher energy efficiency standards and addressing demands from investors and tenants. Real estate is also highly exposed to physical climate risks and large-scale investment may be required to improve resilience – for example through relocation of critical equipment to reduce potential flood damage or upgrading air conditioning systems to ensure reliability during extreme heat events.

Embedding sustainability in real estate

Allianz Real Estate's ESG integration framework is designed to improve the sustainability performance and transparency of real estate assets and address issues such as physical climate risks, reducing the risks of obsolescence and depreciation.

Our framework is based on three key areas of activity: assess, engage and improve.

1. Assess

Screening assets for sustainability issues is an integral part of our decision-making process. Our primary focus is on carbon emissions and energy efficiency and we also look at governance and social and well-being standards. Any equity investment must have an environmental or sustainability certification (e.g. BREEAM or LEED).

2. Engage

We aim to influence our partners and tenants to follow our lead and take an active role to bring about change, for example by promoting 'green leases' which include provisions designed to reduce environmental impacts.

3. Improve

Key to improving our portfolio is the decarbonization of our direct investments which equate to half of our investment portfolio. By improving the energy efficiency and replacing traditional energy sources with low-carbon alternatives we are transforming our buildings for the future.

For more detail on Allianz Real Estate's ESG integration approach, see the Allianz Real Estate website and the Allianz ESG Integration Framework.

Decarbonizing our real estate portfolio

In 2021, we further embedded our sustainability approach in the European Debt business by increasing analysis and benchmarking of energy and carbon-related data during technical due diligence and energy performance data collection during the term of the loan. We also amended the environmental due diligence scope of work for direct investments to consider decarbonization and required actions and investments in more detail.

We are working to reduce the GHG emissions of our real estate portfolio to net-zero by 2050 in line with our Group commitment.

Our 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). This translates into a 25 percent carbon emission reduction target for the global portfolio by 2025¹.

To meet our targets, we are working to address challenges posed by a lack of industry-wide standards and availability of high-quality data by providing detailed guidance and instructions for our external partners and embracing new technologies such as smart meters to inform sustainability data-based decision-making. With the scope of our ambition including operational emissions from areas not under our direct control, such as tenant areas, achieving it will require significant engagement and collaboration. It is a challenge to implement KPIs and disclose progress on decarbonization efforts as appropriate evidence and robust controls cannot easily be implemented to meet highest assurance requirements.

Among others, new acquisitions will be assessed against 1.5°C GHG and energy pathways and the investment needed to meet related targets will be considered. Procurement of renewable energy and engagement to convince tenants to switch to green electricity will be a priority (e.g. via standard lease agreements). Where deep refurbishments are required, completed buildings will be highly energy efficient to ensure long-term compliance with the 1.5°C GHG pathway.

¹ Against the initial 2019 baseline covering the global direct equity real estate portfolio.

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Integration of sustainability in asset management is an important industry driver. As active investors with leading research capabilities, our investment management businesses innovate sustainable investment solutions.

Allianz Group’s asset management segment offers an increasing number of ESG and responsible investment solutions. Our two major investment businesses – Allianz Global Investors (AllianzGI) and PIMCO – cater to a wide range of investors with bespoke ESG integration needs, from retail fund investors to institutional clients.

As a diversified multi asset player AllianzGI is a global leader in active asset management managing € 456 billion in third party assets of which € 184.3 billion are ESG themed investments or 40% (in 2020: € 95.4 bn or 25.5 percent of total

AuM). PIMCO is a premium fixed income player managing € 1.5 trillion in 3rd party assets of which 203.1 billion are ESG themed investments or 13.4 % (in 2020: € 136.5 bn or 10.2 percent of total AuM).

Embedding active investment management

Our asset managers take an active stewardship role to maximize the sustainability value of client’s capital. Material ESG factors are important considerations while evaluating long-term investment opportunities and risks for all asset classes in public and private markets.

AllianzGI’s strategic approach

AllianzGI continues to grow its sustainability offering demonstrating its commitment as an active investor to shaping the world of tomorrow. Since joining the company at the beginning of 2021, the Global Head of Sustainable and Impact Investing, has set out to accelerate the growth of Impact investing as part of a fast-growing private markets offering and continued integration of ESG in AllianzGI’s public and private market offerings.

To support this journey, there have been a number of significant changes to the company:

- A newly created centralized Sustainable Investment Office responsible for shaping sustainable product strategy and sustainable policies.
- A Sustainability Methodologies and Analytics team was set up to oversee AllianzGI’s ESG integration efforts, further develop ESG data sets and leverage state-of-the-art-technology.
- Sustainability Research and Stewardship teams have been refocused on developing thematic research and engagement.
- Announcement of an Impact Measurement and Management team to develop an impact framework for due diligence, measurement and management of private market Impact investments.

All of the assets managed by AllianzGI are ESG risk assessed whereby sustainability risks are identified and monitored throughout the management of the portfolios. The firm’s specific ESG approaches, which include its two sustainability strategies (sustainability-focused and impact-focused), are defined in the following way and have been developed based on clients’ preferred outcomes whether it be risk mitigation through to measurable impact:

- 1. ESG risk-focused strategies** – integrate material ESG risk considerations into investment analysis and decisions without constraining the investment universe.
- 2. Sustainability-focused strategies** – consider sustainability objectives and values as part of their portfolio construction, in addition to financial returns.
- 3. Impact-focused strategies** – consider measurable sustainable outcomes and

contribute to positive environmental and/or societal change. They include SDG-aligned listed strategies as well as Private Markets Impact and Development Finance strategies.

[Read AllianzGI’s report for more details on its approach.](#)

PIMCO’s strategic approach

PIMCO has a long history of managing socially responsible portfolios for clients and has invested in talent, technology, infrastructure and solutions to position itself as a leader in ESG Fixed Income. Over the last year, PIMCO added resources to its broader ESG team and expertise including:

- A Global Head of Sustainability who will oversee PIMCO’s ESG and Sustainability initiatives, providing strategic direction, governance and firm wide coordination of ESG efforts.
- Eight dedicated ESG analysts to help identify opportunities and risks associated with ESG related topics.
- Collaboration with external experts such as Mark Carney, who became a member of PIMCO’s Global Advisory Board in 2020.

PIMCO evaluates ESG risk factors from a top down (i.e. macro) and a bottom-up (i.e. issuer and security specific) perspective. Its first step is to identify the major long-term themes that will affect the global economy and financial markets. The firm’s annual Secular Forums are devoted to identifying and analyzing these trends. This year’s forum identified the transition to green energy as one of the three major trends over the secular horizon. PIMCO blends its macro analysis with bottom-up work carried out by the firm’s global research teams and portfolio managers who evaluate ESG-related issues as part of their analysis processes.

Table ESG-13
ESG-themed investments for third-party assets

As of December 31		2021	2020	2019
Allianz Global Investors	€ bn	184.3	95.4	56.1
ESG Risk focused ¹	€ bn	43.1	51.0	31.0
Impact focused ²	€ bn	4.8	2.2	1.8
Sustainability focused ³	€ bn	136.4	42.1	23.3
PIMCO	€ bn	203.1	136.5	101.6

AllianzGI changed the titles of its sustainability categories to reflect the developing nature of its investment approaches.

1 ESG Risk focused – previously labeled Integrated ESG.

2 Impact focused – previously labeled Impact.

3 Sustainability focused – previously labeled SRI and now includes newly developed sustainable strategies such as CEWO.

It should be noted that only the latter two categories are considered Sustainable under the SFDR.

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For investors seeking greater ESG orientation in their portfolios, PIMCO offers a suite of ESG-dedicated solutions. In 2021, PIMCO enhanced its ESG research frameworks and capabilities, particularly for municipal bonds and securitized assets. The platform builds on PIMCO's core ESG process and sustainability-specific features focused in three areas: exclusions, evaluation, and engagement.

Engagement and stewardship

Our asset managers engage proactively with investee companies to build sustainable businesses. They engage in regular dialogue and seek to present a viewpoint, effect positive change and monitor results of engagement. By investing in corporates willing to improve their ESG practices, we believe we can drive greater change than through exclusions alone. Our goal is both to find the best opportunities in the market and also to create them by engaging with issuers. Our investment views are influenced

by the outcomes of engagements and are linked to the proxy voting process to form a consistent stewardship approach.

With 299 company engagements covering 482 topics in 238 companies and 27 markets, AllianzGI showcased its strong commitment to engagement in 2021 and voted at 10,190 shareholder meetings. In 68 percent of meetings they voted against management, withheld or abstained with at least one vote. These figures reflect AllianzGI's willingness to vote against proposals that do not meet its expectations as well as fulfilling its duty to act in the interests of clients by considering each proposal on merit.

[Read more in AllianzGI's stewardship statement.](#)

PIMCO's 80+ global credit research team engaged with 1,585 corporate bond issuers representing roughly 80 percent of PIMCO's corporate holdings by market value. Topics of discussion with company management related to corporate strategy,

leverage and balance sheet management as well as ESG-related topics such as climate change targets and ESG bonds, human capital management, and board qualifications and composition. Of the 1,585 corporate bond issuers engaged, more than 650 issuers were engaged in depth, with repeat discussions on specific topics and milestones monitored and tracked. These issuers represent almost 60 percent of the firm's corporate holdings by market value.

[Read more in PIMCO's ESG Investment report.](#)

Climate engagement

Our asset managers have developed robust methods to incorporate climate considerations into our investment decisions and processes. Supporting the companies we invest in to develop their transition pathways is one of the ways with which we broaden our positive impact.

Last year, AllianzGI introduced a specific element of climate engagement related to its 'Climate Engagement with Outcome' program. Under the program, in portfolios applying the program the highest emitters are identified, their climate profiles are fully scoped, and it seeks to engage with these companies to understand their climate transition pathway towards a Paris Agreement aligned economy. It will actively engage with the highest emitters (Scopes 1 and 2) on ambitious climate 'outcomes' encompassing not only scale of decarbonization, but also how this is being achieved (and aligned with Just Transition). These targets are considered within the context of sector and peers to ensure both credibility and ambition. The approach combines this with the firm's Sustainability Minimum Exclusions.

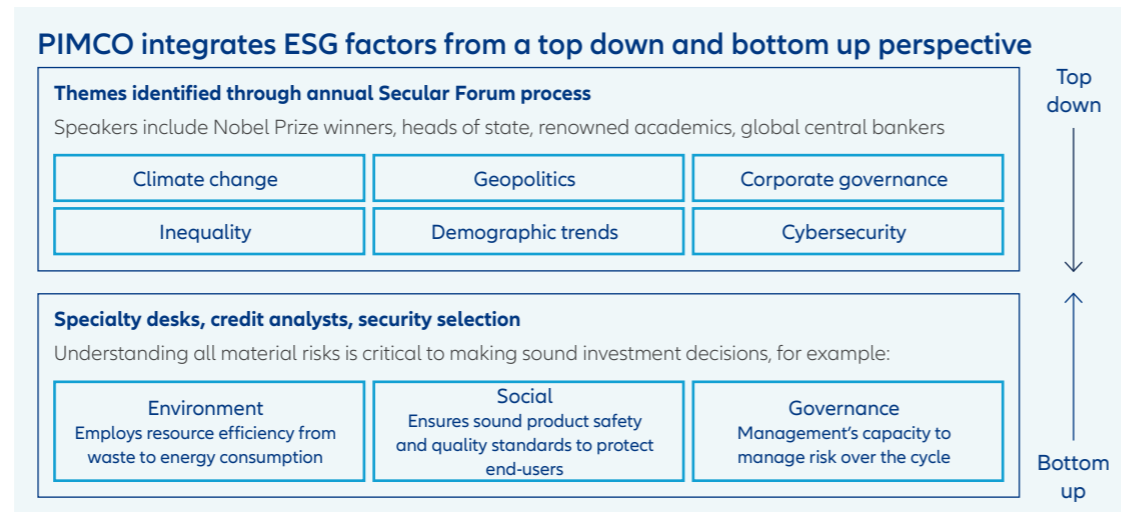
AllianzGI also continues to support global net-zero ambitions via its Private Markets platform. In November, together with IFC and Hong Kong Monetary Authority, AllianzGI set up the world's first cross-sectoral portfolio of emerging-market loans aligned with the Paris Agreement called the Managed Co-Lending Portfolio Program (MCPPE One Planet). The strategy supports the IFC and Allianz Group to make 1.5°C-aligned investments in emerging markets. AllianzGI also announced at the U.N. Climate Conference in Glasgow the launch of the Emerging Market Climate Action strategy (EMCA), a public-private partnership, which will invest in climate-focused private equity funds and projects active in emerging markets and developing countries with a focus on climate mitigation, climate adaptation, and access to electricity.

AllianzGI has also enhanced its company-wide exclusions policy, including a dedicated coal policy for the first time. This enhanced exclusion policy effective from December 2021, further underlines AllianzGI's commitment to tackling climate change by divesting from the single largest source of carbon emissions – coal.

[Read more about AllianzGI's Climate Engagement with Outcome approach as well as the Private Market launches, MCPPE One Planet and EMCA.](#)

PIMCO's broad climate research evaluates climate-related risks and opportunities within specific sectors and issuers, typically beginning with two broad categories:

1. **Transition risks:** for example tighter regulations on carbon emissions.
2. **Physical risks:** for example how the rising intensity and frequency of extreme weather events affects critical assets and natural resources used or relied upon by the issuer.



02.3 Sustainability in asset management

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PIMCO has developed a range of methodologies to help investors assess climate risks and climate impacts in their portfolio. For sustainability portfolio solutions, the insights these tools provide include material information to support portfolio managers in better managing and mitigating climate-related credit risks. They enable them to assess a portfolio's alignment with targets from the Paris Agreement to limit global temperature rise to 1.5°C to 2°C above preindustrial levels.

Collaborating with industry groups

AllianzGI and PIMCO take an active role in dialogue with industry and market initiatives. As a member of the Net-Zero Asset Managers Initiative, AllianzGI is committed to supporting the goal of net-zero GHG emissions by 2050 or sooner. In October, AllianzGI joined the One Planet Asset Managers Initiative which supports members of the One Planet Sovereign Wealth Funds (OPSWF) to integrate climate-related risks and opportunities within long-term investment portfolios. AllianzGI also supports AIM in its role as a member of the Platform for Sustainable Finance.

PIMCO focuses on established engagement platforms to drive positive change in capital markets. In 2021, it became a member of the Sustainable Markets Initiative and an Advisory Board member of the Sustainable Bond Network (NASDAQ). Co-founded by PIMCO in partnership with the UNGC and energy utility Enel, the CFO Taskforce is co-chaired by Scott Mather, PIMCO's Chief Investment Officer U.S. Core and Sustainable Investments. The taskforce aims to engage global CFOs on sustainable development, leveraging the nearly 10,000 companies participating in the UNGC. PIMCO

also participates on the Executive Committee of International Capital Markets Association (ICMA) which oversees impact bond principles/guidelines and endorses the TCFD; the CDP, Climate Action 100+ and major global platforms including the IIGCC Net-Zero Investment initiative where PIMCO co-authored the Net-Zero Investment Framework Implementation Guide.

Client communication and engagement

Our ability to bring value to our clients goes beyond just delivering on stated investment outcomes. Client service and communication is an integral component of the investment management service that our asset managers provide.

As a matter of course the development of the ongoing proceedings in connection with the Allianz GI US LLC Structured Alpha funds is monitored. Findings will be reflected in the continuous improvement of processes.

Communication with clients is made via all forms as defined by regulatory requirements. In addition, clients are furnished with all forms of communication that the firm believes to be relevant to the client. The frequency and the content of said communications vary, depending on the nature of the product and/or service.

AllianzGI aims to provide transparency by always at least meeting the regulatorily required standard. It has policies and procedures in place to ensure the content of communication to investors is reliable.

[General information on Allianz Global Investors products and services is available at \[www.allianzgi-regulatory.eu\]\(http://www.allianzgi-regulatory.eu\) or upon request.](#)

PIMCO aims to be a 'trusted advisor' to its clients. This means going beyond understanding investment portfolio objectives, risks and constraints by working with clients to understand the investment objectives of their entire plan and how their objectives might best be achieved.

PIMCO performs a range of client services to promote collaboration and engagement:

- Separate client service and portfolio management functions focus on delivering higher levels of service and performance to clients.
- One or more account managers are assigned to each client. They aim to meet with clients at least twice yearly and are available to respond to client requests as well as providing customized educational sessions for clients.
- PIMCO strives to keep clients up-to-date through regular reports which may include a review of past portfolio strategy and performance, discussion of current strategy, economic outlook and market forecast.
- In addition to robust in-person client servicing and substantial web resources, PIMCO offers clients the opportunity to build their investment knowledge through seminars and conferences.

PIMCO has implemented policies and procedures that are designed to identify, manage, mitigate and/or resolve actual or potential conflicts of interest including conflicts relating to, among other things, portfolio management and trading

practices, personal investment transactions, gifts and entertainment, proxy voting and other matters.

Both AllianzGI and PIMCO have received excellent PRI ratings for consecutive years in a row¹

'European Investor of the Year'

– this title was awarded to **AllianzGI Infrastructure Debt team** at the IJGlobal Award, recognizing the attention they place on sustainability and active engagement on critical ESG factors.

Sustainable asset management solutions

Sustainable asset management solutions include the ESG and Socially Responsible Investment (SRI) products and strategies offered to third-party asset management clients (see section 02.3).

Examples include:

- Pension funds that make it possible to invest in sustainable funds following specific ESG sustainability criteria;
- Solutions where the premium is invested in certified green bonds to support in return green projects.

Table ESG-14
Asset Manager Selection

As of December 31		2021	2020	2019
Share of asset managers being PRI signatories or having an ESG policy in place	%	99	99	99

¹ Results for 2020 reporting are published in our Sustainability Report 2020. Results for 2021 reporting were not published yet and are due in the H2, 2022.

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02 Sustainability in our organization

We are committed to integrating sustainability across our organization. In the following part of the 'Measuring and managing sustainability' section of this report, we focus on topics which we can quantify and then give an overview of the key approaches.

For our human resources activities, we have set quantitative targets for our Board of Management to employee engagement (IMIX and WWi+) and we measure our leaders' performance against the Allianz People Attributes. Furthermore, we have publicly committed to a set of diversity and inclusion targets.






To ensure customers are always put first, the targets of our Board of Management include a focus on customer loyalty, as measured through the net promoter score (NPS).

As a global company, we have also committed to reducing our environmental footprint. For this we have set a board-level target regarding our organization's GHG emissions reduction (30 percent based on 2019 by 2025) as well as our use of renewable electricity (100 percent by end of 2023). In addition to these, there are also targets to reduce our environmental footprint across other dimensions (such as water and waste).

For all areas, we have a long-standing set of indicators to disclose our sustainability performance across our organization. Furthermore, this section describes management approaches to integrate sustainability in these matters.

☑ The performance of our Board of Management regarding their sustainability targets is on track. For a detailed overview, please see sections 01.3. An overview of all further quantitative and qualitative targets and our performance related to these topics can be found in section 05.1.

Our performance towards our sustainability-related board targets

- IMIX  **78 %**
- NPS  **84 %**
- Reduction of GHG emissions per employee  **60 %**
- Renewable electricity  **77 %**
- Top sustainability rating results 

02.4 Human resources

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Human resources performance data

This section contains data related to the sustainability performance of Allianz Group.

Data in this section is part of the Attractive Employer Chapter.

Table HR-1

Employee overview

As of December 31		2021	2020	2019
Total number of employees (core business) ¹		148,708	148,929	143,642
thereof: men	%	48.4	48.7	48.7
thereof: women	%	51.6	51.3	51.3
Total number of employees (core and non-core)		155,411	150,269	147,268

Table HR-2

Employees by region

As of December 31	2021	2020	2019
Australia	5,912	5,668	5,470
Austria	3,119	3,105	3,088
Brazil	3,886	4,291	2,720
France	13,325	13,538	13,888
Germany	39,720	39,768	38,412
India	8,461	7,862	6,845
Italy	6,194	6,087	6,289
Spain	4,485	4,308	4,488
United Kingdom	10,752	10,936	9,956
United States	7,897	7,802	8,329
Other	51,660	46,904	47,783
Total	155,411	150,269	147,268

Table HR-3

Employment relationships

As of December 31		2021	2020	2019
Full-time employees ²		125,160	124,937	120,557
	%	87.1	86.9	86.8
thereof: male		66,875	67,103	64,948
	%	53.4	53.7	53.9
thereof: female		58,285	57,834	55,609
	%	46.6	46.3	46.1
Part-time employees ²		18,460	18,768	18,376
	%	12.9	13.1	13.2
thereof: male		3,783	3,961	3,822
	%	20.5	21.1	20.8
thereof: female		14,677	14,807	14,554
	%	79.5	78.9	79.2
Trainee ratio ³	%	2.0	2.1	2.3
As of December 31		2021	2020	2019
Permanent employees		138,778	138,974	132,682
	%	93.3	93.3	92.4
thereof: male	%	48.8	49.1	49.2
thereof: female	%	51.2	50.9	50.8
Temporary employees		9,930	9,955	10,960
	%	6.7	6.7	7.6
thereof: male	%	42.8	42.5	43.0
thereof: female	%	57.2	57.5	57.0

¹ Figures based on the number of employees in Allianz's core business which includes all companies in and related to the insurance and asset management business, including our Banking activities in Germany, France, Italy and Central and Eastern Europe. The figures do not include fully consolidated companies that are considered as pure financial investments and companies classified as held-for-sale.

² Based on active headcount, excluding e.g. employees on sabbatical leave, in military or civilian service or on parental leave.

³ Trainees are employees at the beginning of their career participating in a trainee program, i.e. undergoing practical training designed to facilitate their development of knowledge and skills, e.g. apprentices, trainees, interns and working students, and with a formal arrangement (e.g. employment contract or third-party agreement with a school or university).

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Table HR-3

Employment relationships

As of December 31	2021	2020	2019
Permanent employees	138,778	138,974	132,682
Asia Pacific	18,095	17,923	17,036
Eastern Europe	7,414	7,897	8,223
Germany	42,557	41,821	40,027
Middle East & Africa	4,564	4,336	4,659
North America	8,385	8,451	8,702
Rest of Western Europe	54,149	54,579	51,588
South America	3,614	3,967	2,447
Temporary employees	9,930	9,955	10,960
Asia Pacific	1,774	1,668	1,652
Eastern Europe	392	417	526
Germany	3,137	3,241	3,174
Middle East & Africa	1,436	1,375	1,393
North America	34	44	37
Rest of Western Europe	3,114	3,172	4,123
South America	43	38	55

Table HR-4

Age structure

% of total employees (core business)

As of December 31		2021	2020	2019
All employees				
% of 24 or under	%	5.9	6.3	7.0
% of 25–34	%	28.6	28.8	28.1
% of 35–44	%	27.9	27.5	27.0
% of 45–54	%	23.5	23.6	24.0
% of 55–64	%	13.5	13.1	13.3
% of 65 or over	%	0.6	0.7	0.6
Average age	years	40.7	40.6	40.6
Allianz SE Board of Management				
% of below 30	%	0.0	0.0	0.0
% of 30–50	%	40.0	30.0	30.0
% of above 50	%	60.0	70.0	70.0

Table HR-5

Employee turnover

%

As of December 31		2021	2020	2019
Employee turnover rate	%	15.3	12.9	16.5
Turnover rate (men)	%	15.8	12.7	16.3
Turnover rate (women)	%	14.9	12.9	16.4
Turnover rate by region				
Asia Pacific	%	21.9	18.5	24.2
Eastern Europe	%	15.6	15.6	19.9
Germany	%	8.1	6.4	7.8
Middle East & Africa	%	23.7	21.9	26.6
North America	%	16.1	13.4	13.3
Rest of Europe	%	17.6	14.5	19.5
South America	%	16.8	13.9	15.8

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Table HR-6
Employee recruitment

As of December 31		2021	2020	2019
Total recruitment (external and internal)		33,378	19,564	24,829
Total recruitment (share of men)	%	46.2	49.6	49.7
Total recruitment (share of women)	%	53.8	50.4	50.3
Total recruitment by region				
Asia Pacific	%	24.0	23.0	28.7
Eastern Europe	%	11.0	10.4	12.7
Germany	%	32.3	10.9	10.0
Middle East & Africa	%	23.6	18.1	33.0
North America	%	15.6	11.1	15.4
Rest of Europe	%	17.5	12.4	19.1
South America	%	8.1	6.0	14.4

Table HR-7
Diversity

As of December 31		2021	2020	2019
Women in Allianz SE Supervisory Board ¹	%	33.3	33.3	n/a
Target 30% by year-end 2021				
Women in Allianz SE Board of Management	%	20.0	20.0	20.0
Target 30% by 2021				
Women in Executive Positions (Top Management) ²	%	31.6	30.4	29.9
Women in Allianz Global Executive (AGE) Positions ³	%	24.5	n/a	n/a
Women in Allianz Senior Executive (ASE) Positions ³	%	24.7	n/a	n/a
Target 30% by year-end 2021				
Women in Allianz Executive (AE) Positions ³	%	32.8	n/a	n/a
Female managers ⁴	%	38.6	38.2	37.9
Women in talent pools	%	43.4	42.3	40.2
Target 40% by year-end 2021				
Share of women in core business	%	51.6	51.3	51.3
Number of nationalities represented in executive positions ⁵		67	59	64

1 Data disclosed since 2020.

2 Includes women in all executive positions below the Board of Management.

3 Data disclosed since 2021.

4 Includes women functionally responsible for other staff, regardless of level, e.g. division, department and team managers.

5 Figures calculated by including all executive positions below the Board of Management.

Table HR-8
Sickness-related absenteeism
average days per employee

As of December 31		2021	2020	2019
Overall average	days/empl	6.9	6.9	8.1
Average days by region				
Asia Pacific	days/empl	3.0	3.0	3.9
Germany	days/empl	9.4	9.6	11.5
Middle East and Africa	days/empl	2.7	2.5	3.6
Eastern Europe	days/empl	5.5	5.8	6.8
North America	days/empl	1.3	1.3	2.0
South America	days/empl	1.7	2.2	3.0
Rest of Europe	days/empl	8.2	7.8	8.6

Table HR-9
Total absenteeism

As of December 31		2021	2020	2019
Total absenteeism lost days	days	993,348	981,093	1,110,896
Absenteeism – coverage of employees (core business)	%	100	100	100

Table HR-10
Health and safety

As of December 31		2021	2020	2019
Number of work related injuries during the reporting period ³	cases	578	n/a	n/a
Number of fatal occupational injuries during work ³	persons	1	n/a	n/a
Numbers of hours worked on average of a full-time equivalent (core)	hours	7.7	7.7	n/a

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Table HR-11
Employee training

As of December 31		2021	2020	2019
Total expenses for employee training	€ mn	102.9 ¹	63.1	84.7
Training expenses per employee	€/empl	716	442	613
Average training hours	hours/empl	34.7 ²	20.7	24.0
Staff	hours/empl	33.3	20.5	24.8
Managers	hours/empl	43.5	21.6	26.6
Employees undergoing at least one training session	%	103.1 ³	78.8	75.2
Staff	%	102.9 ³	78.0	73.5
Managers	%	104.5 ³	83.7	84.8

Table HR-12
Allianz Engagement Survey

As of December 31		2021	2020	2019
Number of employees invited to participate in the Allianz Engagement Survey (AES)		132,126	132,593	123,505
Number of OEs invited to participate in the AES		64	67	62
AES Participation rate	%	82	85	84
Work Well Index+ (WWi+)	%	69	70	66
Employee Engagement Index	%	76	78	72
Inclusive Meritocracy Index (IMIX)	%	78	78	73

IMIX board target 75% by year-end 2024

1 Increase in training expenses driven by methodological adjustment towards industry practice to include overhead expenses.
 2 Last year reported as training days per employee; definition adjusted to market practice in 2021.
 3 The percentage of employees with at least one training can be higher than 100 percent due to the reporting period calculation methodology incl. employee in- and outflows.

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Building confidence in tomorrow must start with 148,708¹ employees who are part of our diverse global workforce. Allianz fosters a culture and working environment where people and performance matter and where everyone has a voice. We take a strong stance regarding gender equality, diversity and inclusion (D&I), training and development, and employee engagement. The health, safety and well-being of our employees is of utmost importance.

Our purpose, 'We secure your future' reminds us why we exist as a company: to secure our customers' future and give them confidence in tomorrow. This purpose anchors the Group strategy, employee value proposition, brand promise and customer experience principles and drives our decisions and actions. We held our second global Purpose and Strategy Day in the autumn of 2021 to engage our employees in

our purpose, reaching over 50 operating entities and 137,000 participating employees. Events sought to include real customer voices through stories, podcasts and panel discussions to have a positive impact on employee engagement and customer centricity.

Inclusive Meritocracy – a culture where people and performance matter

Inclusive Meritocracy is the term we use to describe a culture and working environment where people and performance matter. It was developed under the umbrella of the Renewal Agenda in 2015 and resulted in the creation of a key index in the Allianz Engagement Survey, the Inclusive Meritocracy Index (IMIX).

Inclusive Meritocracy describes a corporate culture of mutual trust and respect, empowerment and collaboration where diversity is appreciated and customer satisfaction is a high priority. Performance has an impact on rewards and is encouraged by clear two-way leadership communication. The IMIX measures the progress we are making in embedding Inclusive Meritocracy. It looks across ten aspects covering leadership, performance and corporate culture. Performance against employee engagement targets is among the sustainability factors considered as part of the variable component of Board member's remuneration (see section 02.4.3).

[🔗 The results of the 2021 IMIX can be found along with other results of the AES on page 46.](#)

Shaping how we work and do business: our new Ways of Working (WOW)

In 2021, we introduced more flexible, collaborative and agile ways of working that empower our employees, customers and organization. These new ways of working aim to enhance employee engagement, productivity

and innovation, resulting in simpler and prompter service offerings for our customers, resilience from the impacts of future crises and a faster and flatter organization. COVID-19 required us to respond rapidly to unexpected situations and new priorities. The challenges increased the pace of change with respect to how we work together and engage with each other and our stakeholders.

The focus areas for our WOW standards are centered across five categories:

1. **Flexible work and reduced travel**
see page 42
2. **Digital tools**
see page 42
3. **Health and well-being**
see page 47
4. **Learning**
see page 44
5. **Organization and culture**
see page 41.



¹ Figure includes only employees in core business; total employees (core and non-core): 155,411.

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Flexible working

Our new global WOW standards have been designed to provide an environment where our employee needs are taken care of. Flexible work comes in different forms and we have learned that hybrid teams help us build a more resilient organization. This will become our new normal. Employees are offered the opportunity to spend a minimum of 40 percent of time working from home depending on their position e.g. mobile worker, office worker etc. The shift has also significantly reduced business travel compared to 2019.

With the introduction of cross-border remote work guidelines, our mobile work policy standard allows employees to work up to 25 days a year abroad in accordance with local regulations. The flexibility of this standard offers the potential to enhance the employees' work-life balance.

As part of our new WOW, we are enabling our teams to collaborate and work remotely by investing in technical equipment (e.g. laptop, mobile phone, screens, headset etc.) and collaboration tools (e.g., global roll-outs of O365). In-office meeting spaces will be equipped with technology to support hybrid meetings and promote an inclusive environment across hybrid teams. In addition, new global workspace designs promote a culture of collaboration, sharing and co-creation.

65 %

employee time was spent working from home in RACo¹ entities by the end of 4Q 2021.²

99 %

employees in RACo entities have been offered a technical package to work from home with connectivity to the Allianz server by the end of 4Q 2021.

02.4.1 Diversity and inclusion (D&I)

A diverse workforce enables us to understand and fulfil the needs of our equally diverse customer base. We believe in equality of opportunity and continue to create an inclusive environment to equip our employees for the challenges of the future.

D&I are important material issues for Allianz, as identified in our 2021 materiality assessment. The topic covers commitments and activities to create a fair and inclusive working environment where everyone can succeed regardless of gender identity or expression, age, ability, sexual orientation, ethnicity or cultural background among others.

Diversity and inclusion strategy

Our D&I strategy, is built around three pillars: employees; customers; and brand and reputation. It aims to embed D&I across the whole business, helping us to define our priorities and drive our D&I ambitions.

In 2021, we rolled out two new policies that underpin the Allianz Code of Conduct:

- The Allianz Diversity and Inclusion Policy describes our rationale for D&I and how we foster diversity in all its forms
- The Allianz Anti-Harassment Policy that outlines our global zero tolerance standard against sexual and other harassment and discrimination.

Our commitment to D&I comes from our top management. More than 20 CEOs and Board Members from Allianz entities around the globe are part of the Global Inclusion Council which has been in place since 2007. It oversees the implementation of our D&I strategy.

We engage with employees through inclusion networks which aim to raise awareness, support employees, advocate for change and help shape the D&I agenda. They bring together colleagues who share an identity or experience and their friends and allies. At the global level, three new global networks were established in 2021 bringing the total to five, each focused on a key priority for D&I. The number of local employee networks grew from 15 to more than 50.

Global employee networks

- **Allianz NEO** – gender inclusion
- **Allianz Pride** – LGBTQ+ inclusion
- **Allianz Engage** – generations inclusion
- **Allianz GRACE** – ethnicity and cultural inclusion
- **Allianz Beyond** – disability inclusion

Our workforce – diverse in many forms

Our global workforce consists of 155,411 (2020: 150,269) people, including 52 percent (2020: 51 percent) women and spanning five generations.³ We have people from 67 (2020: 59) nationalities among our executives, representing the rich cultural diversity within Allianz Group.

40.7

Average age (2020: 40.6)

67

Nationalities represented in executive positions (2020: 59)

20+

Local LGBTQ+ networks

Increasing the diversity of our leadership and management

Our target for December 2021 was to have 30 percent of women on the Allianz SE Board of Management and Supervisory Board and 40 percent women in our talent pools. We are proud to have achieved 33.3 percent women on the Allianz SE Supervisory Board and 43.4 percent of women in our talent pools. We have 27 percent of women on the Allianz SE Board of Management as of January 2022, beginning a year of transition towards our target of 30 percent women which we are confident we will reach.

1 Renewal Agenda Companies represent the largest flagship entities of Allianz Group.
 2 Proportion of employee time spent working from home is regularly assessed on entity level and is only partially based on actual data.
 3 Our five generations are Gen Z, Millennial, Gen X, Baby Boomer, Silent Generation.

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Allianz applies a Women in Leadership forecasting model (based on people analytics) to identify hiring needs and thus increase the ratio of female executives. We have set new targets and ambitions for December 2024 that extend beyond gender representation and cover the dimensions generations, nationality and ethnicity, LGBTQ+ and disability. As accountability is key, management has the target to drive development for all employees and ensure a robust succession pipeline in line with our D&I targets and ambitions.

[Read more about our D&I targets and ambitions on our website.](#)

Fair and transparent reward

We emphasize equality and fairness by ensuring the same pay for equal work and work of equal value for all employees. Allianz has committed to the ambitious goal of achieving equal pay globally by the end of 2021.¹ To this end, we have introduced an annual global pay review and best practices to monitor fair pay across the organization and prevent equal pay gaps from arising in the future. In 2022, we will introduce pay equality KPIs in line with the World Economic Forum (WEF) requirements.

External commitments and recognition

Complementing our commitment to the U.N. Women’s Empowerment Principles and the U.N. LGBT Code of Conduct, Allianz became one of the 14 Iconic Leaders of The Valuable 500, a global

movement working to put disability on the agenda of business leadership. Allianz UK joined the Race at Work Charter and has committed to the calls to action to ensure that ethnic minority employees feel included at all levels in the organization.

We continued to receive external recognition of our D&I efforts, for example:

- We were listed in the Bloomberg Gender-Equality Index for the sixth consecutive year;
- We achieved fifth place in the Global Refinitiv Diversity and Inclusion Index, two ranks up from 2020; and
- We were placed second in the BeyondGenderAgenda German Diversity Index (ranking the DAX30 companies).

In 2021, we embarked on the EDGE (Economic Dividends for Gender Equality) certification process.² The process is designed to help us measure, monitor and understand how we are progressing on gender equality and equal pay globally compared to external standards and benchmarks. We are now globally EDGE Assess Certified for our Insurance Business segment and for the Global Business Lines Allianz Partners, Euler Hermes, Allianz Global Corporate & Specialty, Allianz Technology and Allianz Services.

[Further information about external recognition of our D&I efforts and EDGE please see People Fact Book 2021.](#)

Women in leadership

Women in the workforce (core business)

51.6 %
(2020: 51.3%)

Female managers³

38.6 %
(2020: 38.2%)

Women in executive positions (Top Management)

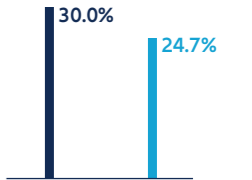
31.6 %
(2020: 30.4%)

Female full-time employees

46.6 %
(2020: 46.3%)

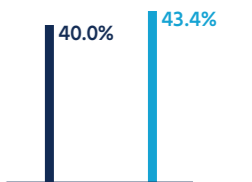
Women in senior executive positions⁴

(2020: 25.8%)



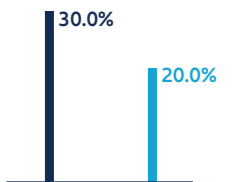
Women in talent pools

(2020: 42.3%)



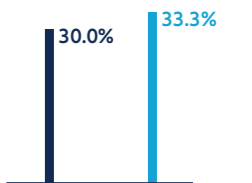
Women in Allianz SE Board of Management⁵

(2020: 20.0%)



Women in Allianz SE Supervisory Board

(2020: 33.3%)



■ 2021 Target ■ Actual

¹ This involves pay adjustments in the year end cycle 2021/2022. Final data will be available in 2Q 2022. Accordingly, the target achievement will be reported in the next Sustainability Report.

² <https://edge-cert.org>

³ Includes women functionally responsible for other staff, regardless of level, e.g. division, department and team managers.

⁴ (2024 target: 30 percent).

⁵ From Jan 1 – Sep 30, 2021: 30 percent; from Oct 1 – Dec 31, 2021: 20 percent; As of January 2022: 27 percent.

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02.4.2 Training and developing our people

Learning and development is a key differentiator in the financial services industry which is constantly changing in response to the evolving external context. Companies that develop skills for the long term will be best prepared to respond to emerging trends and opportunities and to attract the best talent.

Strategic workforce planning

Understanding what the transition to a digital future means for Allianz and its people is a strategic priority. Digitalization and automation will change the composition of the future workforce with some job profiles no longer existing, new profiles and capabilities emerging, and considerable changes in existing profiles and skills. This will require major upskilling and reskilling initiatives to prepare the workforce for the future. Our main focus will be on developing digital, data and agile working skills. Skills like IT security, communications and HR will also be essential.

Our strategic workforce planning (SWP) approach compares workforce supply by job profile against projected workforce demand over the next five years to prepare our workforce for the future. As of 2021, strategic workforce planning is a structured annual process integrated with the annual planning process.

82 %

of the global Allianz workforce covered by the SWP program by end of 2021 (2020: 53 percent)

3,155 FTEs¹

recruited and reskilled in strategically relevant talent segments in Allianz operating entities in 2021 (2021 plan: 2,177).

We avoid 'like-for-like' recruiting and emphasize the acquisition of new and relevant strategic skills.

Supporting lifelong learning

We focus on promoting lifelong learning through our global #learn initiative and offer our employees one hour each week dedicated to learning. We employ a wide range of learning and development approaches including on-the-job learning, mentoring and coaching, classroom trainings, peer circles and digital/mobile learning. Digital opportunities such as LinkedIn Learning and our AllianzU Learning Platform (Degreed) are available to all employees worldwide.

We have targeted programs in place for key areas such as property and casualty, life and health, IT, strategy, finance, communications, market management and operations.

Developing strong leaders

Ensuring our leaders continue to develop their leadership skills and mindsets to steer the transformation is critical for the success of the business and for empowering all employees to perform at their best.

#lead Ignite is a global program designed to equip the next generation of Allianz leaders with the knowledge, mindset and skills needed to lead in Allianz's inclusive, meritocratic environment. In 2021, the program was completed by 99 participants, 47 percent of whom were women (up from 27 % of 33 participants in 2020) across 13 operating entities.

#lead Empower is a group-wide program for experienced leaders that provides participants with development and coaching for their next career step to a senior executive role as they transition from leading teams to leading leaders and the business. In 2021, 34 of our high-potential leaders started their #lead Empower journeys, of whom 47 percent were women (vs. 39 percent in 2020). These leaders represented 15 countries and 21 entities.

The Allianz Leadership Passport

We launched the Allianz Leadership Passport, a #lead program, in June 2020. The passport is the license to be a people leader at Allianz. Our people leaders follow a continuous learning journey consisting of self-led gamified learning on the #lead Platform and the #lead Experience, an instructor-led virtual classroom. The passport covers technology-focused Intelligence Quotient (IQ) skills and people-focused Emotional Quotient (EQ) skills – from digital leadership to storytelling and resilience. After attaining their Leadership Passport, leaders complete one hour per week of learning to 'refresh' their passport.

Our target was for 100 percent of leaders to attain their Allianz Leadership Passport by the end of 2021. As of the end of 2021, 11,850 (93 %) leaders in scope have attained their **#lead Allianz Leadership Passport**. 12,116 leaders in scope completed the digital learning journey on the **#lead Platform** and 12,117 leaders completed the **#lead Experience** virtual classroom. This equated to 339,264 hours of leadership training since the program launch.

The success of the #lead Allianz Leadership Passport will be monitored in three key ways:

Business impact – measured by engagement survey progression and increase in learning hours;

Behavioral change – measured via assessment tools (Allianz Multi Rater Assessment), engagement survey and learning hours; and

Satisfaction with program – based on the Net Promoter Score (NPS) and evaluation form outcomes.

While it is still early to measure the business impact and behavioral changes – given that the program was launched in June 2020 – people analytics has demonstrated that higher #Lead coverage goes along with higher employee engagement and well-being. In addition, the current NPS is 74 and the average quality rating is 84 percent.

¹ Full-time equivalent.

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Performance management and transparent feedback

Performance management and transparent feedback ensure progression for our employees and Allianz as an organization. Our goal is to align individual priorities with Allianz' strategic objectives and set the ideal framework for engagement and achievement at work. This way our employees are in charge of their goals at any time and are able to pursue their personal best with a clear vision in mind.

Recognizing that both people and performance matter, we invest time and resources in developing high performance at all levels. Our global performance management approach focuses on two key areas: 'What' (outcome-oriented performance) and 'How' (behavior). It covers nearly 60,000 employees with the goal of covering all Allianz's employees worldwide by the end of 2022.

Our approach promotes a continuous performance and feedback culture that enables teams to exchange feedback on a regular basis. Feedback is most useful when it's open, honest, constructive and forward-looking to help employees discover their potential. Three key milestones for performance management throughout the year cement this culture: initial priority setting, mid-year check-in and year-end review. We use Multi Rater as a tool to gather multi-dimensional feedback at executive levels to gain valuable insights into perceived strengths and development needs. In June 2021, 7,355 employees from 48 operating entities were rated and key performance and development actions based on the results were discussed at the mid-year check-ins. In 2021, we piloted a flexible, collaborative and continuous performance tool called Continuous Performance Management (CPM). The tool was successfully piloted by the AZ SE Singapore Branch where it led to simpler tracking of activities and more effective performance and talent check-ins. More pilots will follow in 2022.

€ 102.9 mn¹
invested in employee development
 (2020: € 63.1 mn)

103 %²
employees took part in at least one targeted training session
 (2020: 79 percent)

€ 716¹
investment per employee in development and training
 (2020: € 442)

34.7
average hours of training per employee
 (2020: 20.7)

36,963³
LinkedIn Learning users logged in
 (2020: 38,613)

199,932
viewed learning hours on LinkedIn Learning
 (2020: 191,655)

02.4.3 Engaging our employees

To deliver our purpose, drive long-term business success and become a truly customer-centric organization, we must attract, retain and engage with talented candidates and employees around the world.

As candidates' needs and values have changed, we have re-positioned Allianz's employer brand. We involved more than 80,000 employees and 1,200 external candidates in co-creating and re-shaping our global employer value proposition (EVP), resulting in the tag line 'We care for tomorrow' The new EVP addresses important job choice drivers such as career development, sustainability, employee well-being and D&I to engage employees and encourage candidates to join Allianz.

The EVP was launched in March 2021 and rolled out in all operating entities and on all offline/online channels by Dec 2021. According to our research, 73 percent of Allianz employees say they would recommend Allianz as an employer to their family/friends and 73 percent of external potential candidates would consider joining Allianz because of the new EVP.

Within people analytics projects on attrition, we study reasons for leaving to develop target group oriented measures, improve the candidate journey (incl. onboarding activities) and increase employee retention.

Attracting talent

33,378
candidates recruited by Allianz in 2021
 (2020: 19,564)

1 Increase in training expenses driven by methodological adjustment towards industry practice to include overhead expenses.
 2 The percentage of employees with at least one training can be higher than 100 percent due to the reporting period calculation methodology incl. employee in- and outflows.
 3 A decrease in LinkedIn learning usage can be attributed to the increased engagement on AllianzU's social learning platform, Degreed.

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Aiming for true candidate-centricity

Applying for a job with Allianz has also never been easier. In October 2021, we launched a new online application tool for internal and external job seekers which requires only six fields to be filled in to submit an application. We eliminated certain application form fields, e.g. salutation, and leveraged artificial intelligence when writing job descriptions to reduce unconscious bias in the recruitment process. Continuing our path of true candidate-centricity, we launched an online forum on our global career website which connects users to Allianz employees where they can ask questions to foster transparency.

Fostering the share ownership culture

Being simpler, faster and better for our customers means working together as one Allianz and, as such, all our employees should benefit when we succeed. The Allianz Employee Share Purchase Plan (ESPP) is designed to enable our employees to share in the long-term performance of Allianz SE on the stock market as shareholders, owners and employees. For every 3 Euro invested in the share program, Allianz contributes 1 Euro. Currently, more than 50 percent of employees across 42 countries (2020: 42 countries) are Allianz shareholders. In 2021, the Allianz ESPP was recognized externally by the Global Equity Organization (GEO) winning the award for Best Plan Communication.

Employee rights

We ensure employee rights are protected across all operating entities. Allianz was one of the first companies to create pan-European worker participation standards and to establish a European SE Works Council under the legislation for Societas Europaea (SE) companies. Local employee representation is widespread across Europe. The Allianz SE holding company has a supervisory board made up of 50 percent employee representatives.

Social dialogue 2.0

We engage closely with employee representatives to support change implementation, manage impacts on employees and promote opportunities. Social dialogue 2.0 is our pan-European forum which has existed for over a decade. It supports the progress of the Renewal Agenda and our response to the increased pace of change of topics such as the digital revolution. The outcomes of the discussions in 2021 included among others the signing of the Equal opportunities, Diversity, and Inclusion Agreement.

The Allianz Engagement Survey 2021

The Allianz Engagement Survey (AES) is our formal employee platform for gathering employee feedback and promoting a high-performance culture. In 2021, 132,126 employees (2020: 132,593) from 64 entities (2020: 67) worldwide were invited to take part in AES.¹ The response rate of 82 percent (2020: 85 %) is considered very high among large, multi-national organizations which typically reach 70 percent to 80 percent. This reflects the continued interest of our employees in having their say on the future development of Allianz.

The 2021 results of AES were the second best result in Allianz history. They showed a mainly stable, partially consolidating trend in 2021 across the three key indices following a significant jump in 2020:

Inclusive Meritocracy Index (IMIX) – see definition on page 41: 78 (stable compared with 2020).

Employee Engagement Index (EEI) – measures the degree of satisfaction, loyalty, advocacy and pride of Allianz' employees: 76 percent (2020: 78 %).

Work Well Index (WWi+) – measures the stress level of employees for work-related strain including the topics demands, rewards, control, support, social capital and processes as well as tool and resource availability. A higher index score is associated with better employee health and productivity: 69 percent (2020: 70 %).

We expected a slight setback as uncertainty after the initial phase of the COVID-19 pandemic reduced and these results are in line with general observed employee engagement trends.

Survey dimensions showing the most improvement were Manager with 86 percent (2020: 85 %) and Collaboration and Communication with 80 percent (2020: 79 %).

Based on the results, the overarching themes for creating impact on engagement in 2022 are:

- Reward and recognition, for example by reviewing and fostering the Global Equal Pay Initiative;
- Implementing and monitoring the new WOW;
- Further engaging managers as the main drivers of survey follow-up processes;
- Continuously encouraging best-practice sharing across teams and operating entities; and
- Extending the listening strategy to capture feedback and signals from our employees through quarterly pulses.

[🔗](#) For further details about the Allianz Engagement Survey results, please see [📄 Table HR-12](#).

¹ The reduction of entities participating in the AES 2021 is based on two entities dissolved in 2021 and AZ China Life participating under AZ China Holding.

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02.4.4 Health and well-being

The health and mental well-being of our employees is a top priority. Our goal is to maintain and improve employee health and well-being across our global workforce by providing a consistent framework with minimum requirements for all Allianz entities to support our new WOW.

Work Well

Our Work Well program, launched in 2015, aims to provide a healthy and productive workplace to enable our employees to reduce work-related stress. Ten minimum actions were rolled-out globally, including stress-awareness and leadership behavior trainings, flexible working arrangements and access to employee assistance programs. Efforts to implement the Work Well program globally have paid off, demonstrated by feedback on implementation as measured through our AES. In 2021, the Work Well Index Plus (WWi+) score was 69, one percentage point below the 2020 result of 70 percent. This trajectory is in line with the overall development of global absentee rates which were at 6.9 days (2020: 6.9) in 2021.

[🔗 You can find more details in our People Fact Book 2021.](#)

Acting on employee feedback – four Minimum Health Requirements

Based on the New Work Model pulse survey with over 7,800 participants globally, we merged the Work Well Program into four Minimum Health Requirements to drive action. The four Minimum Health Requirements have been added to the pan-European agreement on work-related stress.¹

1. Access to professional psychological support for all employees worldwide

We provide 24-hours anonymous, free-of-charge professional psychological hotlines to all employees to seek expert support and advice if needed. The implementation of such an Employee Assistance Program (EAP) is mandatory for all operating entities by 2022 as specified in the global HR standard.

2. Training people leaders to maintain health and well-being in their teams

We aim to train 100 percent of people leaders in the first year of their leadership role to build up personal resilience and well-being among their employees. The training is delivered through the #lead module 'Personal resilience and well-being' or other comparable training sessions, which all people leaders globally are required to complete.

3. Regular touch points to collect employee feedback on their health and well-being

We ask for direct employee feedback on health and mental well-being initiatives on a quarterly basis to identify needs and take appropriate follow-up actions. The minimum requirement for operating entities is to collect feedback as part of regular pulse surveys as of 2021. Our global ambition is to gain more than 90 percent EAP awareness and 70 percent satisfaction with feedback channels on health and well-being over the next two years.

4. Meeting Free Calendar Days @Allianz

We aim to provide dedicated focus time for employees to simply concentrate on their tasks and their health and mental well-being to manage work-related stressors by regular Meeting Free Calendar Days @Allianz. Our ambition is that more than 70 percent of operating entities will have implemented Meeting Free Calendar Days by the end of 2022. As recognition of the contribution of our employees during the pandemic, the Allianz SE Board of Management granted one additional day off for all employees globally in 2021 as special means of recognition.

97 %

of Allianz' operating entities successfully implemented an EAP hotline.

95 % (12,117)

of Allianz people leaders in scope have completed the #lead experience, including a training module on personal resilience and well-being to maintain and promote health within their teams.

39

operating entities participated in a pulse survey to assess employee awareness of EAPs and satisfaction with feedback channels on health and well-being with a response rate of 49 percent. 75 percent of employees were aware of the EAP hotlines and 64 percent were satisfied with the feedback options.

86 %

of operating entities rolled out Meeting Free Calendar Days @Allianz.

¹ EU-OSHA, Framework agreement on work-related stress.

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Embedding health and well-being

Health and well-being managers at each operating entity are responsible for driving activities to implement the Minimum Health Requirements. They are required to do so in accordance with local requirements and regulations and the Allianz Operating Model to ensure each operating entity applies the same high standard of local health and safety management. This includes activities to meet local occupational health and safety standards.

We also rolled out the Allianz health app ‘Well together’ The aim of this app is to combine the topics of health and sustainability under one holistic platform to motivate our employees to exercise more, live healthy and, at the same time, protect the environment. By the end of 2021, 24,000 users have registered on the app.

Allianz is a signatory of the pan-European agreement on guidelines concerning work-related stress. We have placed great emphasis on addressing the root causes of work-related stress, offering effective solutions and making changes to the work environment that enable employees to realize their full potential. Allianz SE’s management and the European SE Works Council have also signed a joint declaration on remote work. This guidance provides good practice principles for operating entities and employee representatives to use in the investigation and the deployment of remote work. The Allianz Group encourages Allianz operating entities and employee representatives to develop local applicable rules based on this guidance, adapted to local legislation and requirements. This serves as good practice guidance for Allianz’s companies deploying remote work and covers all aspects of flexible working arrangements outside Allianz premises.

Looking after our people during the pandemic

We continue to closely monitor the impact of COVID-19 on our global workforce. The pandemic cast a spotlight on the importance of health and mental well-being and we introduced various measures to support employees and meet our business needs during the crisis. These included help/advisory lines for physical and mental health issues, preventative health measures and special support for working parents such as additional leave to enable parents to take care of unexpected childcare needs.

Convinced that vaccination will help to fight the global pandemic, Allianz has conducted vaccination campaigns in 16 countries (Africa/ Ghana, Bulgaria, Germany, France, Japan, Colombia, Croatia, India, Indonesia, Laos, Lebanon, Malaysia, Austria, Poland, USA and Egypt) in 2021. In addition, booster shot campaigns have started.

02.5 Customer satisfaction

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At Allianz, we promise our customers confidence in tomorrow. We deliver on this promise by earning their trust through the quality of our products, the level of our services and the expertise of our employees. With Customer Centricity we strive to go above and beyond for our customers and aim to outperform the competition.

Our customer experience strategy

Customer satisfaction and loyalty lead to profitable growth and are key elements in our strategy. Our ambition is to create meaningful solutions and experiences that draw in customers. We designed our customer experience framework to give customers a direct voice and enable us to use their feedback in shaping local and global experiences.

Listening to our customers

The closer we are to our customers, the more we can be there for them in moments that matter. Listening to our customers is the starting point of our journey. Our Voice of the Customer program applies a holistic and standardized methodology to monitor and improve customer journeys by collecting real-time qualitative and quantitative feedback. After each touchpoint a customer has with Allianz, they are invited to state their satisfaction on a five-star scale at predefined

touchpoints along five customer journeys. If customers rate their experience with three stars or less, we close the loop by following up with them via a phone call to resolve the issue directly and gather more insights.

By the end of 2021, 41 operating entities and global lines had implemented the Voice of the Customer program. This means we have rolled out at least one of the five mandatory journeys at our major operating entities.

Measuring customer loyalty

We use the globally recognized Net Promoter Score® (NPS) as the key metric for measuring customer loyalty through customers' willingness to recommend Allianz. Our target for 2021 was for over 75 percent of Allianz Group business segments to score above market or at Loyalty Leader position and 50 percent at Loyalty Leader position. We exceeded this by achieving 84 percent outperforming (2020: 79 %) and 58 percent Loyalty Leaders (2020: 60 %). The main drivers for our improvement were addressing customer pain points to improve customer service via the Voice of the Customer program, product simplification, digital services, measures in response to COVID-19 and targeted brand communication campaigns.

75 % target

for Allianz Group business segments to score above market or in a loyalty leader position (by 2021)

84 %

of Allianz Group's business segments scored above market or achieved a loyalty leader position in 2021

Table CS-1
Customer loyalty

As of December 31		2021	2020	2019
Net Promoter Score (NPS) greater than local market average or loyalty leadership in their market	%	84	79	70
Net Promoter Score (NPS) loyalty leadership in their market	%	58	60	46

Board target 50% by year-end 2024

In 2022, we will switch to digital NPS tracking. Digital NPS allows us to measure customer loyalty continuously, thereby eliminating seasonality and deepening our understanding of customers' sentiment. Additionally, this new measurement will set higher standards for our operating entities (e.g.: broader set of competitors). Therefore we have adjusted our digital NPS targets accordingly. Our Group ambition is to reach 50 percent of loyalty leaders by 2024.

Using data to create better customer experiences

We use insights from Voice of the Customer and NPS to improve our products, services, communications, and processes. We combine and analyze sources of customer data in strict accordance with applicable privacy laws (e.g. NPS, Voice of Customer ratings and verbatim feedback) to prioritize and implement structural improvements. At the local level, operating entities use customer feedback to derive concrete actions. For example, we uncovered that many complaints across customer journeys and markets mention the speed of processes. This is something we are working to improve at a global level with the Allianz Customer Model.

Learnings gained through the Voice of the Customer and NPS programs are also helping us design the global Allianz experience for customers. In 2021, we rolled-out a set of global guidelines to our operating entities to ensure a consistent expression of our Allianz brand across markets. These cover how we interact with customers over the phone, the visuals used, communication tone and physical spaces.

Rather than selling individual insurance products, our vision is to evolve our products into full ecosystems and offer customers relevant and trusted solutions. Through this we can give customers confidence in tomorrow and live out our promise. In parallel, we are collaborating with the Allianz Customer Model to systematically analyze customer pain-points and together upgrade our customer journeys at the Group level.

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Transforming our business for customers

We've listened to our customers and we know that they want us to sell simple products, use easy-to-understand insurance language and provide faster claims handling. They also want to be able to access their insurance details whenever and however they choose. We have adapted our business in response by simplifying and digitalizing our products, processes and platforms. As a result, our customers have a better understanding of what they are buying and greater access to advice and support, while more efficient processes are improving our customer service.

The Allianz Customer Model (ACM) is our end-to-end global business model which puts the customer at the center of our business and enables Allianz to be simple, digital and scalable. Simplifying and harmonizing our business globally means transforming the whole value chain across products, sales, claims and operations. This is already providing real customer satisfaction.

Within this context, ACM was designed first for Retail Property and Casualty lines and then extended to Health, Life, B2B2C, MidCorp, Large Corporate and Reinsurance. It has been continuously rolling out across Allianz operating entities and, by end of 2021, was presented in more than 30 countries covering 95 percent of property and casualty retail gross written premium.

A tangible example of how ACM is transforming our business is the new structure of our products. We now focus on offering simple and intuitive products with a maximum of three variations and limited number of add-ons per product offer. Launched in Allianz Germany in January 2020, Privatschutz 2.0 was the first fully ACM-compliant product. After its introduction, Privatschutz 2.0 has generated 2–3 times more new business compared to the previous product. It forms the foundation for our global non-motor product.

We have created 15 master products, which will reduce the number of products in most relevant operating entities from more than 1200 in 2019 to around 250 by 2024.

We are scaling ACM via the Business Master Platform (BMP). The BMP is a new global IT solution for Allianz that digitalizes the business requirements of ACM by integrating them with the IT Master Platform. It comprises a combination of the scalable technological elements, systems and services plus functionalities and configurations defined by the ACM to better serve our customers, intermediaries, partners and employees.

BMP also scales the ACM philosophy with one look and feel and one outstanding user experience that gives our customer, agents and partners anywhere in the world the same experience and satisfaction when easily interacting with Allianz. For example, the claims tracker in BMP provides full transparency to our customers throughout the claims process. Customers can easily access the portal and navigate with just a few clicks to choose the preferred settlement option and repair shop and receive confirmation of the repair appointment with a rescheduling option. The BMP will be rolled out for at least one retail line of business in five operating entities by the end of 2022.

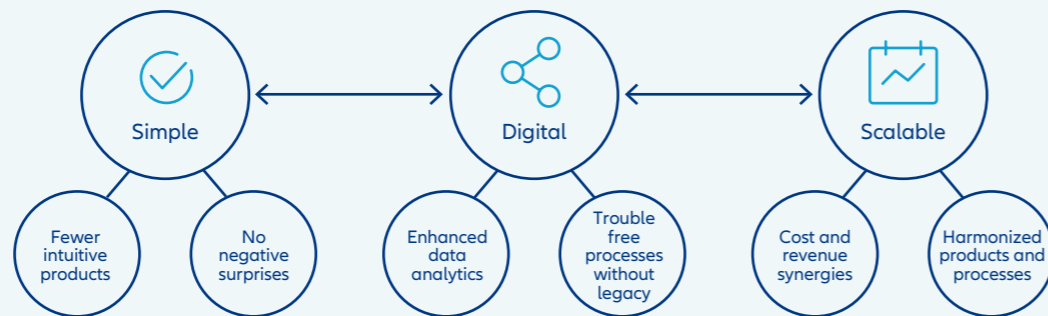
Sales compliance

Since 2011, Allianz has a global Sales Compliance Program in place, which describes standardized processes and controls for communication, monitoring, and review.

The program is managed by Group Compliance. In 2020, the Sales Compliance Framework was revised to reflect recent developments in regulatory standards and to condense its existing sales compliance requirements into a new corporate rule, the Allianz Standard for Sales Compliance. This Standard is now the organization's consolidated framework for customer protection. It outlines rules and principles for compliant and ethical sales practices across the Allianz Group and specifies key principles to ensure appropriate fairness and transparency to customers, including in respect of the remuneration of distributors, and to address the sales compliance risks arising in its business segments.

These responsible sales controls reflect Allianz's clear commitment to fairness and transparency as formulated in Allianz's Code of Conduct. This Code emphasizes that being fair and transparent with its customers about its products and services, including their limitations is the best guarantee to enjoy customers' long-term trust.

Simplicity as a key driver when transforming our core and developing new models at scale.
The Allianz ACM facilitates the transformation in three main dimensions:



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Environmental management performance data

This section contains data related to the environmental performance of Allianz Group.

Table ENV-1

EMS Coverage

As of December 31		2021	2020	2019
Share of employees in scope of our environmental management system (EMS)	%	96	97	95

Table ENV-2

Greenhouse gas emissions

As of December 31		2021	2020	2019
Scope 1 – Direct GHG emissions	t CO ₂ e	28,699	28,714	42,011
Scope 2 – Indirect GHG emissions (market based)	t CO ₂ e	54,689	100,722	142,563
Scope 2 – Indirect GHG emissions (location based)	t CO ₂ e	149,599	180,826	224,315
Scope 3 – Other indirect GHG emissions	t CO ₂ e	55,359	73,916	149,459
Scope 1–3, GHG emissions total	t CO₂ e	138,746	203,352	334,033
Total GHG Emissions per employee	t CO ₂ e/empl	0.9	1.4	2.4
Overall GHG reduction per employee since 2019	%	-60	-42	0

Board target -30% by year-end 2025

Table ENV-3

Energy consumption¹

As of December 31		2021	2020	2019
Energy consumption from our office buildings	GJ	1,675,573	1,802,755	2,156,963
Energy consumption from our data centers	GJ	267,675	317,533	379,351
Total energy consumption	GJ	1,943,248	2,120,288	2,536,314
Energy consumption from office buildings per employee	GJ/empl	11.3	12.2	15.3
Energy reduction from office buildings per employee since 2019	%	-26	-20	0

Target -20% by year-end 2025

Table ENV-4

Energy sources

As of December 31		2021	2020	2019
Electricity	%	67.1	70.2	70.7
Fossil fuels	%	11.5	11.0	14.0
Long-distance heating	%	19.8	17.6	14.9
Other sources (incl. energy from own sources including photovoltaic, internal waste heat)	%	1.6	1.2	0.3

Table ENV-5

Renewable electricity

As of December 31		2021	2020	2019
Renewable electricity	GJ	1,001,859	854,762	872,929
Renewable electricity as a share of all electricity sources	%	77	57	49

Board target 100% by 2023

Table ENV-6

Business travel

As of December 31		2021	2020	2019
Total travel	km	226,377,786	356,560,721	918,693,524
Road travel (incl. rental, fleet, and private cars)	%	81.4	61.5	34.8
Air travel	%	14.7	31.4	54.8
Rail travel	%	3.9	7.1	10.3
Travel per employee	km/empl	1,529	2,421	6,509
Total GHG emissions from business travel	t CO ₂ e	39,570	52,959	124,354
GHG emissions from business travel per employee	t CO ₂ e/empl	0.3	0.4	0.9
GHG reduction from business travel per employee since 2019	%	-70	-59	0

Target -15% by year-end 2025

¹ Energy consumption reported for data centers relates to our strategic data centers in Europe, the U.S, Singapore and Australia. At present, the energy consumption for some local data centers is included in the energy consumption reported for office buildings.

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Environmental management performance data

Table ENV-7

Water consumption

As of December 31		2021	2020	2019 ¹
Total water consumption	m ³	1,237,598	1,592,564	1,984,896
Drinking water	%	93.0	93.4	91.0
Rain water	%	0.5	0.4	0.3
Natural water	%	6.4	6.3	8.6
Water consumption per employee	m ³ /empl	8	11	14
Water consumption reduction per employee since 2019	%	-41	-23	0

Target -10% by year-end 2025

Table ENV-8

Waste

As of December 31		2021	2020	2019
Total waste	t	12,064	14,395	19,396
Waste Incinerated	%	36.2	36.2	39.8
Waste Recycled	%	46.6	45.6	40.5
Waste to Landfills	%	16.9	18.0	19.6
Special Waste Treatment	%	0.3	0.2	0.1
Waste per employee	kg/empl	81	98	137
Waste reduction per employee since 2019	%	-41	-29	0

Target -10% by year-end 2025

Table ENV-9

Paper consumption

As of December 31		2021	2020	2019
Total paper consumption	t	8,466	10,139	10,859
Paper sourced from certified sustainable sources	%	76	73	67
Paper consumption per policy	g/policy	54	70	81
Paper reduction per policy since 2019	%	-33	-14	0

Target -20% by year-end 2025

¹ Please note, that the water data (old absolute: 1,883,352 m³) have been restated for 2019, please see our explanatory notes.

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As part of our commitment to a sustainable future, we manage the most significant environmental impacts of our operations and aim to continuously improve our environmental performance. We strive to be a role model in delivering our own targets on environmental protection and climate change in order to influence others in our industry and beyond to do the same.

Our carbon reduction strategy is designed to reduce greenhouse gas (GHG) emissions from material sources of Allianz Group operations emissions, namely energy use for office buildings and IT, business travel and paper use. The strategy focuses on energy-efficient planning, construction and operation of buildings, sourcing green electricity and using carbon efficient vehicles.

The Allianz environmental management system (EMS) provides clear standards and controls, supports environmental data collection, and promotes transparent reporting of environmental impacts across the Group. It guides the monitoring and management of our carbon footprint, use of energy and natural resources such as water and efforts to reduce waste.

Implementation of the EMS is monitored by the Group Environment Officer (part of Global Sustainability, see page 51) and supported by the Board of Management of Allianz SE. In 2021, 96¹ percent of employees were included under the scope of the EMS (2020: 97 percent) (see [🔗 Table ENV-1](#)).

[🔗 Further information on our Group Environmental Guideline can be found here.](#)

Raising standards through certification

We apply targeted environmental management system (EMS) processes, certified to ISO14001 standard, to improve environmental management governance practices at our major locations. This began in 2017 with the certification of our SE location in Munich. Mandatory requirements of certification help strengthen our approach – for example, it is a requirement of ISO14001 to have a Board-level sponsor for our EMS. At Allianz SE, this sponsor is our Chief Operations Officer. Allianz Turkey became the latest entity to achieve ISO14001 certification of its Allianz Tower and campus locations in February 2021. Opportunities to secure environmental certification at other locations will continue to be evaluated based on local context and operations.

GHG emissions

60 %

reduction in GHG emissions per employee achieved by year-end of 2021

against a target reduction of 30 percent per employee by year-end 2025 (2020: 42 percent reduction) against a 2019 baseline across Scopes 1, 2 and selected Scope 3 emissions (currently energy-related emissions, business travel and paper use).

This reduction is mainly the result of increasing the share of renewable power in our energy mix, delivering a structured approach to energy management and reduced business travel resulting from COVID-19. We expect to include GHG emissions from remote and hybrid working within scope of our future reporting to reflect upcoming infrastructure changes.

[🔗 Full details of our GHG emission disclosure, including by Scopes 1, 2, and 3 emissions, are provided in \[🔗 Table ENV-2\]\(#\).](#)

Reducing energy consumption

26 %

reduction in energy consumption in our office buildings per employee during 2021

against a target reduction of 20 percent in office buildings per employee by year-end 2025 (2020: 20 percent reduction) against a 2019 baseline.

This was mainly due to energy management and local data center closures in remaining locations as part of the Group's data center consolidation combined with COVID-19 related measures.

[🔗 Details of Allianz's energy consumption can be found in \[🔗 Table ENV-3\]\(#\).](#)

Our operating entities are developing targeted approaches to reduce energy consumption. For example:

- Allianz SE has developed a holistic energy concept to identify measures to reduce energy-related GHG emissions and overall energy consumption at the Schwabing Campus.
- Allianz Turkey is reducing its small regional offices and moving to daily/hourly rent, thereby decreasing building energy consumption.
- Allianz France is implementing the ISO 50001 energy management standard to continuously improve energy efficiency of buildings with a systematic approach for both premises and real estate portfolio.

¹ To achieve 100 percent coverage of our global workforce, the indicators are extrapolated based on Group average figures.

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Renewable electricity

77 %

of the electricity we used came from renewable, low-carbon sources in 2021 against a target of 100 percent for 2023. (2020: 57 percent) (see [Table ENV-5](#)).

With this, we achieved our mid-term target of 70 percent through a combination of strategic discussions with suppliers on ‘green tariffs’ (64 percent), expanding the use of on-site renewable technologies (0.04 percent) and first-time sourcing of ‘unbundled’ renewable Energy Attribute Certificates (13 percent).

As a signatory of the RE100 initiative, we have committed to source 100 percent renewable electricity (RE) for our group-wide operations by 2023. With operations in more than 70 countries, achieving this is complex and will require significant engagement and collaboration with electricity suppliers and landlords. In 2020, we started to embed RE in the management targets of our Board of Management and CEOs of Allianz entities. This includes annual targets towards achieving 100 percent RE by 2023.

In 2021, we made Energy Sourcing a strategic procurement category for the first time and established central governance and expertise within the Sustainable Operations office. This will shift our energy procurement from locally-driven to globally-driven processes, increasing our impact and streamlining efforts. The new strategic energy procurement function will play a key role in our internal power-sourcing transformation journey. It lays the foundation

for determining best-fit strategic renewable energy solutions across the Group and engaging with the unbundled renewable Energy Attribute Certificate (EAC) market in countries where the renewable energy market is less developed, as a temporary solution.

Cutting GHG emissions from business travel

70 %

reduction in GHG emissions from business travel per employee achieved by year-end 2021 against a target reduction of 15 percent per employee by year-end 2025 (2020: 59 percent reduction) against a 2019 baseline.

Measures taken in response to COVID-19 played a material role in reducing business travel emissions across 2020 and 2021. Managing business travel post COVID-19 will be key for 2025 GHG target achievement. Our new Ways of Working (see section 02.4) will capitalize on this shift to minimize emissions from business travel by enabling more flexible and agile working practices.

As part of our transition to low-carbon operations, we are shifting to hybrid and electric vehicles (EVs) in our corporate fleet. For example, AZ Technology has launched a new Mobility Policy for Allianz entities in Germany which will see company cars with combustion engines exchanged with plug-in hybrid or electric vehicles upon the termination of their lease.

[Further information about our fleet policies can be found in section 03.6.](#)

Green commuting

We have committed to develop Green Commuting Plans to limit emissions that arise from our employees commuting to and from the workplace. Plans prioritize walking, using public transport and use of EVs with a range of actions for operating entities to implement – from bike leasing to discounted public transport and EV charging stations. In 2021, 65 percent of employees (by headcount) across our operating entities were covered by a Green Commuting Plan.

Reducing paper use

33 %

reduction in paper use achieved by year-end 2021 against a target reduction of 20 percent per policy by year-end 2025 (2020: 14 percent reduction) against a 2019 baseline.

Our paper use is mainly linked to external communications (e.g. marketing and customer communications) with a smaller amount used for internal office printing. Our efforts to reduce paper consumption are underpinned by the increasing shift towards digital communication. Looking ahead, we will also seek to maximize the share of paper used to come from certified sustainable sources, which accounted for 76 percent of our paper in 2021.

Reducing water use

41 %¹

water reduction achieved by year-end 2021 against a target reduction of 10 percent per employee by year-end 2025 (2020: 23 percent reduction) against a 2019 baseline.

This reduction was achieved through water saving measures applied across our locations combined with COVID-19 related measures. For example, Allianz Turkey started to reuse rainwater for cooling and landscape maintenance and Allianz Suisse is installing water-saving attachments for taps. Water saving awareness campaigns are also helping to address behavioral change of employees.

Minimizing our water consumption is a key principle under our Group Environmental Guidelines. Our office-based operations mostly do not result in significant water use but we reflect the increasing need to use water efficiently, especially considering the impacts of climate change. This is especially important in areas at risk of water-stress such as India and Singapore. Approximately two-thirds of Allianz employees are situated in countries with medium to extremely high water stress.²

¹ Please note that the 2019 baseline was restated and the restatement was not part of the audit engagement. Value before restatement: 1,883,352m³, value after restatement 1,984,896m³.

² Based on analysis of World Resources Institute (WRI) 2019 water stress and Allianz Group 2017 headcount data.

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Driving down waste

41 %

waste reduction achieved by year-end 2021 against a target reduction of 10 percent per employee by year-end 2025 (2020: 29 percent reduction) against a 2019 baseline.

We aim to minimize the waste we generate and to re-use and recycle materials wherever possible (see [table ENV-8](#)). Our office-based operations mostly generate household-type waste, in particular tackling waste from single use plastic has come into focus. Waste reduction awareness campaigns are in place across Allianz entities to address behavioral change of employees.

Action on plastic

We have developed global guidelines on systematically working towards single use plastic free operations. We have introduced this topic in our reporting for the first time in 2021. For example, AZ Technology has introduced plastic-free offices which aim to completely avoid single-use plastics within all Allianz Technology branches and subsidiaries. Allianz Partners also launched a plastic reduction initiative to remove single-use plastic from all entities' premises.

We have defined 'Action on plastic' measures at three levels:

1. Assessment of baseline usage of single use plastic across our operations.
2. Definition of targets and action plans per operating entity, including allocation of resources and launch of implementation.
3. Progress assessed and reported to the project management sponsor, action plan checked and reviewed within reporting period.

By the end of 2021, 67 percent of operating entities (by headcount) had completed at least level one.

Allianz is also partnering with the international marine conservation organization, Sea Shepherd Global, to support cleaning the Mediterranean Sea of plastic waste from abandoned fishing gear.

Invested in forest protection since 2012

Allianz has invested in projects to offset its operational emissions since 2013, such as the Rimba Raya project in Borneo, Indonesia. This area is rich in biodiversity including the endangered Bornean orangutan and was at risk of being converted into palm oil estates. By helping to prevent the deforestation of nearly 65,000 hectares of peat swamp forest, the project aims to avoid more than 130 million tons of carbon emissions in addition to protecting biodiversity and benefiting the local community through local revenues and construction of renewable energy plants, a health clinic and two libraries. The Rimba Raya project meets the requirement of standards under the UN's Reducing Emissions from Deforestation and Forest Degradation Plus (REDD+) program. Emissions savings are independently measured and certified once a year. As a result of our investment, we retired carbon credits equivalent to 138,746 t CO₂e in 2021 (2020: 203,352 t CO₂e).

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03 Strengthening our foundation

In this section, we continue the discussion of our approaches to integrate sustainability in the way we run our business in an ethical and responsible manner, and how we interact with our stakeholders. This covers topics that are important to them, as determined in our materiality assessment.

Highlights include an overview of our Corporate Citizenship Strategy, our approach to protecting our customer's and employee's data and privacy, and how we manage cyber risks. It also includes our engagement with governments and regulators and how we ensure our behavior is compliant with ethical expectations. Finally, we touch on our approach to integrating sustainability in our procurement activities.

☑ An overview of the qualitative targets and achievements related to these topics can be found in section 05.1

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Underlying our overarching social approach (see section 01.4), we have further evolved its Corporate Citizenship Strategy, to fully live our responsibility towards society. We are deeply aware that our actions have the potential to influence the future living conditions and well-being of next generations. Our decisions today play an integral part in determining this future.

Allianz is committed to having a positive social impact. We understand social impact as the effect our global organization has on the well-being of the community – from global society to local communities where we live and work.

03.1.1 Renewing our Corporate Citizenship Strategy

We continued to evolve our strategy in 2021. Our approach is grounded in our company purpose, our group-wide business strategy, and the local efforts of our operating entities.

In our renewed outlook for corporate citizenship, we centered next generations in our actions. Based on stakeholder feedback we received, we included people with disabilities as a focused beneficiary group where we as an organization feel we can further take responsibility than we addressed so far.

Our renewed Corporate Citizenship Strategy will be published in the first half of 2022 and will set targets for 2022 and beyond, as well as defining guidance and criteria for activities under SDGs 8 and 13.

Building confidence in tomorrow...




... through our commitment to the U.N. Sustainable Development Goals

A key objective of our strategy is our commitment to SDG 8 – Decent work and economic growth. We harness the efforts of our global entities and accelerate the implementation of our Corporate Citizenship Strategy, we will focus on specific aspects of decent work: **The overall goal of SDG 8 – Decent Work and Economic Growth** is to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

The target 8.5 is about achieving full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Another target we focus on is 8.6 – Substantially reduce the proportion of youth not in employment, education, or training.

We act on target 8.10 (Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all, through our emerging consumer business and InsuResilience partnership (see section 02.1).

 **Our actions around SDG 8 will be closely linked to the other lighthouse SDGs we have, SDG 13 Climate Action, and SDG 17 Partnerships for the Goals.**

03.1.2 Shaping a positive future for next generations

Today's children and youth are the leaders, employees, customers, and investors of tomorrow but they face significant barriers to inclusion in a world beset with inequality and the impacts of climate change. A recent study by Allianz Economic Research¹ found that the impact of COVID-19 on the future outcomes for Gen Z (those born between 1995–2010) are immense, especially in four focus areas of SDG 8: education, labor, inequality, and health. Particularly striking was the increasing high number of youths not in employment, education, and training (NEET) with knock-on impacts for the longer term. We have a role to play in ensuring that the next generations can overcome the economic and social impacts of the pandemic and other systematic social risks. Our long-term approach as an investor and insurer is an opportunity to offer measures that can mitigate future risks and shape societies for generations, for example through pension systems, environmental and climate protection, education and more.

03.1.3 Unlocking barriers for people with disabilities

People with disabilities make up 15 percent of the global population; one billion people experience some form of disability.² On average as a group, people with disabilities are more likely to experience adverse socioeconomic outcomes than persons without disabilities. As COVID-19 continues to have wide-reaching impacts across the globe, people with disabilities have been uniquely impacted by the pandemic – including health, education, transport and more.³ For young people with disabilities, the pandemic has

exposed shortcomings, risks, and inequalities in education both within and across countries.⁴ We have provided opportunities for people with disabilities for many years. Now, as a Worldwide Paralympic Partner, we became one of the 13 Iconic Leaders of The Valuable 500, a global movement working to put disability on the agenda of business leadership. We have made support for people with disabilities a main component of our Corporate Citizenship Strategy to focus our efforts to unlock barriers for this group in a more strategic and impactful way.

03.1.4 Measuring our social impact

To drive our contribution towards creating systemic change across our target SDGs, we must understand and improve the impact we create. But measuring and managing impact is not without its challenges, as the long-term effects of interventions involving multiple stakeholders and addressing complex issues can be difficult to measure. Common frameworks can serve to improve social impact measurement. For this reason, we developed the Allianz Social Impact Measurement Framework to support local entities in setting their ambitions and measuring and reporting on the impact of corporate citizenship activities locally. We measure:

- Input – what we contributed
- Output – what happened
- Impact – what has changed

We developed separate guidance and tools on impact measurement to create a robust data process for corporate citizenship activities across our operating entities with a clear set of indicators for reporting impact.

1 Source: Allianz Research.
 2 Source: World Health Organization.
 3 Source: World Bank.
 4 Source: UNESCO.

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03.1.5 Employee volunteering and donations

Allianz's workforce has around 150,000 employees globally and local social impact programs, employee volunteering and initiatives run together with operating entities and our twelve Allianz-affiliated foundations contribute to our global impact. While some of the in-person volunteering activities and programs were able to take place in 2021, due to the ongoing pandemic, many of the onsite volunteering had to be cancelled or postponed. Our combined contributions totaled € 28.2 million (2020: € 43.5¹ mn); and 73 thousand hours (2020: 57 thousand hours) in corporate volunteering. In 2020 our contribution in terms of donations and volunteering hours was influenced by the COVID-19 pandemic, especially with the need for additional donations as well as a reduction in volunteering opportunities due to lockdown measures. In 2021, these contributions are returning towards pre-COVID levels. We use the Allianz Engagement Survey question:

'Our company offers enough opportunities for me to environmentally and socially support the community that we operate in' as an indicator of employee satisfaction around volunteering. In 2021 we scored 76 % (2020: 78 %).

03.1.6 Embedding our global to local approach

Global Sustainability is responsible for developing our strategic approach and providing guidance to operating entities that are responsible for local delivery.

Within our entities, Corporate Citizenship Leads are responsible for locally embedding the global approach. In November 2021, we published a new Social Impact Guidance for Corporate Citizenship Activities for local entities. It is designed to build a consistent understanding of social impact, strategically channel resources towards the SDGs, monitoring of outcomes and encourage collaboration and best practice sharing. In 2021 we launched a Social Impact Fund to replace the previous Social Innovation Fund. From 2022,

it will provide resources for local partnerships that focus on SDG 8. The fund is our key program which supports strategic opportunities to deliver social impact beyond charitable donations by focusing on creating measurable impact through intersectoral partnerships.

03.1.7 Being a good neighbor and a responsible corporate citizen

In addition to our forward-looking Corporate Citizenship Strategy, we want to step up and support our communities where we live and work during times of need. This means aligning our activities with local priorities and leveraging the expertise, resources, and assets of our operating entities to support communities – for example, contributing to the emergency response and rebuilding communities following natural disasters and providing donations and employee volunteering during the pandemic and the humanitarian crisis in Ukraine.

Table CC-1
Corporate charitable donations

As of December 31		2021	2020	2019
Corporate Giving total (cash contributions)	€ mn	28.2	43.5 ¹	21.5 ¹

¹ Basis of calculation changed in 2021 – data from 2019 and 2020 have been adjusted to the same basis.

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03.2.1 Data privacy

Protecting our customers and their data and maintaining trust in our processes are high priorities. Our customers, employees and other stakeholders expect their personal information to be treated with the utmost care and we take this responsibility extremely seriously.

We are committed to protecting customer privacy and we cooperate closely with other stakeholders involved in the update and modernization of European privacy legislation including industry associations, members of parliament and authorities.

Strengthening our global privacy framework

The Allianz Privacy Standard (APS) is our global standard for data privacy. It defines rules and principles for collecting and processing personal data. The standard sets out six privacy principles that all employees must respect wherever they are in the world: due care; purpose specification; reasonable limitation; transparency and openness towards employees and customers on where personal data is stored and used; choice and consent; and privacy by design.

The APS is accepted by our data protection authority as our Binding Corporate Rules (BCRs). These BCRs allow Allianz Group companies to lawfully transfer personal data from within the European Economic Area to other jurisdictions, where it is required for business purposes. We also publish a Privacy Notice which clearly states the type of information we collect.

Our group-wide privacy program continues to mature as we aim to provide services digitally through our Digital by Default approach. The program includes embedding robust privacy controls – such as privacy impact assessments and data ethics assessments – monitoring activities by creating a privacy-focused culture and the Allianz Digital Privacy Guidelines. This builds on the Allianz Privacy Framework which provides:

- a global standard for data privacy (the APS);
- a Privacy Impact Assessment and risk management process;
- integration with Information Security core functions;
- data privacy and protection monitoring activities; and
- training for employees on the appropriate processing of personal data belonging to customers, employees and third-party partners.

We monitor privacy governance activities and processes across our operating entities through a robust process which includes site visits, reviews of program documents, interviews and expert challenge calls. During the pandemic, site visits were replaced by virtual meetings without any loss in efficacy. We are now conducting activities in-person as conditions allow. Despite travel restrictions, at least 14 reviews were undertaken in 2021. For comparison, 11 and 10 reviews were undertaken in 2020 and 2019 respectively.

Privacy risk management

We identify and manage privacy risks at the operational process level to ensure they are measured, monitored and mitigated across our core businesses. Privacy Impact Assessments (PIAs) of high exposure processes that use personal data, such as customer health data and employee data, enable the early identification of risks to ensure they are managed appropriately.

In 2021, we developed a global privacy ‘blueprint’ of risk scenarios and control to support local compliance efforts with the APS across the entire Allianz Group. The blueprint provides a tool for identifying data privacy risks in local business processes and addressing those risks by mapping them to standard controls. This does not replace existing compliance requirements under the APS to conduct PIAs, rather it is a tool to supplement existing data privacy compliance efforts and help operating entities analyze and identify data privacy risks in their business processes.

We also commit to ensuring that adequate and effective controls are in place to address data privacy risks associated with the processing of personal data by external suppliers on behalf of Allianz. In 2021, we developed new controls across the supplier life-cycle along with guidelines for supplier management which supplement the APS and are a mandatory part of the Allianz Privacy Framework. These controls are embedded in the Allianz Group Integrated Risk and Control System catalogue and Protection and Resilience Control catalogue to ensure close alignment between the data privacy, operations and risk functions.

03.2.2 Data ethics

Allianz values data as a key asset and strives to position itself as a leading player in leveraging data in the most compliant and ethical way, both as insurer and investor. We set up the Allianz Data Ethics Project in response to the increasing regulatory initiatives and public debate on data ethics and Artificial Intelligence (AI) worldwide to strengthen the internal governance framework for AI and position Allianz in the regulatory field.

In 2021, we established a Data Advisory Board (DAB) which covers data ethics and selected data-related topics on a more permanent basis. The DAB consists of representatives from operating entities and functions including Data Analytics, Data Architecture, Privacy and Regulatory Affairs. Its objectives are to:

- elevate data ethics and selected data and analytics-related topics in the governance and decision-making processes of Allianz Group;
- position Allianz as a leading insurer and investor in the ethical and effective usage of data and Artificial Intelligence/Analytics; and
- support the overall sustainability efforts and activities of Allianz Group.

In addition, the newly developed Allianz Practical Guidance for AI was rolled out in various operating entities, accompanied by a dedicated communication and training program for relevant employees. Privacy and Ethics Impact Assessments were introduced to identify and address AI-specific risks. With these measures, data scientists, business and control functions dealing with AI solutions are supported to embed ‘Ethics by Design’ in our organization and oversee challenges and risks in the area of AI.

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Engaging and training employees

In 2021, we provided refresher data privacy training for all employees involved in processing personal data, where legally required. New employees continue to be onboarded with the global data privacy training, launched in 2018. Together, these trainings ensure employees across the organization have a suitable level of knowledge concerning the principles of confidentiality and data privacy.

In 2021, we hosted our sixth Allianz Privacy Summit to discuss supplier management best practices, anonymization of personal data, privacy governance monitoring and the impact of new data privacy laws.

03.2.3 Information security

The Allianz Risk Barometer 2021¹ ranks cyber risk as the top three risk of doing business globally with more respondents highlighting it as a top risk than in 2020. We continuously adapt our approach with a key focus on managing cyber risk for our own company and for our customers through targeted insurance solutions.

Information Security is the application of technologies, processes and controls to protect systems, networks, programs, devices and data from cyber-attacks. As a core business discipline, information security is managed globally through a robust and mature governance framework aligned with international standard ISO 27001. Our approach is closely

monitored by a dedicated Chief Information Security Officer (CISO) function and the Allianz Group Board of Management. An executive accountability regime supports the enforcement of the governance framework for all entities.

The Allianz Information Security governance framework comprises multiple layers of corporate rules and processes. An overall policy establishes core principles, roles and responsibilities as well as the organizational framework for Information Technology and Information Security within Allianz Group.

Associated functional rules provide further details and specific implementation guidelines for operating entities. The functional rules are complemented by detailed descriptions of best practices to be followed across 14 defined topics to ensure the 'security by design' principle. Information Security is regularly audited, both internally and externally, and is trained regularly in dedicated exercises across all layers of the organization.

03.2.4 Cyber risk

Managing cyber risk in our business

Cyber risk is assessed and tracked as one of the top risks faced by Allianz and is closely managed along eight key risk indicators across the Allianz Group. Performance against these indicators is reported quarterly to the Board of Management and Supervisory Board. Monitoring for cyber incidents and measures to prevent them are implemented at a global level and supplemented locally where required, together with the local Information Security Officers (ISOs) that exist in all Allianz operating entities.

Specific measures to improve security controls are continuously evaluated and developed with priorities assigned on a global, risk-based view. Measures focus on five key risk areas: reducing the likelihood of incidents; increasing detection likelihood; reducing damage from incidents; streamlining compliance; and training/educating the organization to further improve security awareness.

All employees are required to participate in at least quarterly cyber-awareness training. These include activities like simulated phishing e-mails, awareness campaigns or regularly offered dedicated Information Security trainings. We also participate in industry and global/regional initiatives to support the security of the overall internet ecosystem.

Managing cyber risk for our customers

Ransomware has become an increasing risk for businesses across all sectors. With no easy remedy in sight, the onus is on individual companies to invest in cyber security to make life harder for gangs to launch ransomware attacks. The number of ransomware attacks may continue to increase before the situation gets better.² Those companies that take steps now to prevent attacks and mitigate the impact will be far less likely to fall victim to ransomware and will find it easier to secure required levels of cyber insurance. As insurers, we must continue to work with our clients using a combination of policy, pricing and service improvements to help businesses understand the need to strengthen their controls.

Developing new insurance solutions to manage cyber risks

Allianz Global Corporate & Specialty (AGCS) protects organizations around the world against cybercrime and digital threats. The types of risks it covers include first-party losses (e.g. business interruption, restoration and crisis communications) and third-party losses (e.g. data breaches, network interruption and notification expenses).

We are constantly evolving our solutions to enable more customers to manage the risks. Over the past three years, we have reviewed and changed where applicable cyber risk exposure coverage across P&C policies spanning commercial, corporate and specialty insurance segments. This is never a 'set and forget' process and we are always looking to improve on the situation. The cyber underwriting strategy, which has been implemented to address cyber exposures, is reviewed regularly and we are continuing the journey of ensuring relevant policies are updated and clarified in regard to cyber risks.

Cyber insurance offers much more than just compensation for potential financial losses. It also includes valuable prevention and incident response services that enable companies to improve their cyber resilience and mitigate negative impacts after an incident. AGCS's expert consultants also support customers to recover from an incident and to ensure proper disclosure of a privacy incident to regulatory bodies and customers.

[Read more about our new approach to insurance cyber risks on our website.](#)

¹ <https://www.agcs.allianz.com/news-and-insights/reports/allianz-risk-barometer.html>

² <https://www.agcs.allianz.com/news-and-insights/reports/cyber-risk-trends-2021.html>

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As a financial services company, we operate in a highly regulated environment. This requires us to stay current with changes in the regulatory and political landscape, but also to help shape effective regulation by contributing through our knowledge and expertise.

Group Regulatory and Public Affairs (GRPA) is the center of competence and central coordinator for all regulatory and political management activities across the Allianz Group. GRPA is based at Allianz's headquarters in Munich with field offices in Berlin and Brussels. The department's purpose is to enable Allianz to navigate and help shape the regulatory and political environment.

To keep abreast with regulatory changes, we maintain a robust fact base around potential policy actions and assess the likely outcomes. GRPA advises management to ensure the impact of regulatory and political developments is accounted for in the Group's strategy and business activities. It also supports local Allianz companies with regard to regulatory and political strategy (e.g. the interpretation and handling of upcoming EU regulations or by sharing best practices) and oversees and coordinates regulatory and political topics within the Group.

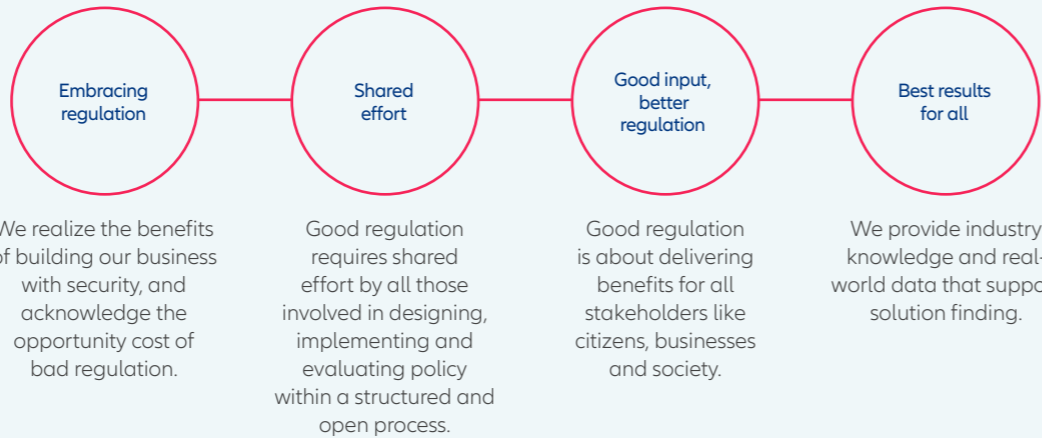
In our engagement with regulators and policymakers, we adhere to the Allianz Code of Conduct.

Engagement topics in 2021

Our engagement with regulators and policymakers included the following topics in 2021:

- **Sustainable finance regulation:** environmental and social taxonomy; international sustainability reporting standards; sustainability disclosure and digitalization of sustainability data.
- **Supporting public-private cooperation:** financing the green and digital transitions and achieving the U.N. SDGs.
- **Prudential regulation:** Solvency II review; E.U. Recovery and Resolution directive; IFRS 17.
- **Digital regulation:** artificial Intelligence; data access and use; cyber resilience.

Guiding principles of our regulatory work



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Our success is built on the trust of our customers, investors, employees and the public have in our performance and integrity. This depends on the personal ethical conduct and capability of all Allianz management and employees, and their desire to create value for all stakeholders.

Compliance mission

Our Compliance function fosters a corporate culture of individual and collective responsibility for ethical conduct and adherence to the rules by:

- **enabling our employees** to understand and live by the rules and oversee that adequate and effective processes are in place to ensure adherence;
- **supporting the business** to identify, assess and mitigate compliance risks;
- **maintaining a confidential channel** to report concerns, act on them and protect those who speak up in good faith; and
- **interacting transparently** and truthfully with regulators.

Allianz Group Code of Conduct

The Allianz Group Code of Conduct (CoC) is at the core of our corporate culture. It outlines the basic principles and values that guide the everyday decisions and conduct of all employees. Every new joiner to Allianz is informed of their obligation to adhere to the CoC during their welcome presentation. As part of a project led by Group Compliance, the CoC was fundamentally renewed in 2020 and approved by the Board of Management to replace the previous version from 2006. The updated CoC considers feedback collected from global employees on value perception and includes an introductory message from the Group's CEO, a clear link to the new company purpose and relevant topics beyond traditional compliance including feedback culture, diversity, inclusion and sustainability.

The CoC expresses Allianz's commitment to respecting a wide range of international human rights standards including:

- **the Universal Declaration of Human Rights;**
- **the U.N. Covenants on Human Rights;**
- **The Core Labor Standards of the International Labor Organization (ILO);**
- **OECD Guidelines for Multinational Enterprises;**
- **Guiding Principles for Business and Human Rights of the U.N.;** and
- **The Ten Principles of the U.N. Global Compact.**

🔗 **For further information about our commitment to human rights, see section 05.6.**

The new CoC was rolled out across the Group in 2021 along with training for operating entities to raise awareness about the principles established by the CoC, namely mutual respect, integrity, transparency and responsibility. Operating entities are in the early stages of planning and delivering this training.

Zero tolerance of fraud and corruption

Allianz takes a zero-tolerance approach to fraud and corruption. We are committed to complying fully with local and international anti-corruption and anti-bribery laws. Our aim is to go beyond complying with the minimum standards of the law, such that the Allianz Anti-Corruption Program sets standards for a consistent and comprehensive group-wide approach in every jurisdiction. The program requires that employees and certain third parties with whom Allianz does business are prohibited from offering, accepting, paying or authorizing any bribe or any other form of corruption, be it with the private sector or with government officials.

Anti-Corruption training is compulsory for all employees with online and classroom training delivered in multiple languages. To ensure online trainings achieve acceptable levels of understanding and awareness, they include a mandatory test component that must be completed and passed for the training to be deemed to have been completed by the employee. In 2022, we will introduce Anti-Corruption training KPIs in line with the World Economic Forum (WEF) requirements.

No material violations of corruption laws or corresponding official proceedings were reported to Group in 2021 which would have been required to be disclosed to Allianz Group's Audit Committee.

Anti-money laundering

In accordance with applicable legal requirements, Allianz Group operating entities establish risk-based policies and procedures to prevent the risk of money laundering and terrorism financing based on customer identification, verification and monitoring, as well as suspicious activity reporting. We employ screening and monitoring systems and processes to manage risks and ensure compliance with anti-money laundering requirements and economic sanctions restrictions.

Respecting economic sanctions and embargoes

We have global policies and procedures in place to ensure compliance with trade and financial sanctions. These include requirements for the screening of customer and counterparty names against the sanctions lists provided by the U.N., E.U. and the U.S. Office of Foreign Assets Control (OFAC). Allianz's global requirements also include an enhanced review requirement for high-risk transactions related to countries, sectors or parties subject to sanctions restrictions.

Due to the nature of our clients' underlying business transactions, some of Allianz's insurance coverage and other business can relate to countries, sectors or parties subject to sanctions restrictions. For example, where permitted, we may issue insurance for humanitarian services provided by our clients in sanctioned countries. The Allianz Sanctions Compliance Program aims to ensure we respect all applicable restrictions and that these high-risk transactions undergo enhanced scrutiny.

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Fair competition

We believe fair competition and access to the market drives innovation, stimulates growth and benefits the consumer. As a global player and a leading provider in our sector, we have a responsibility to act in compliance with competition law.

To meet this responsibility, the global Allianz Antitrust Program consists of the Allianz Antitrust Standard and the Antitrust Code. The Standard lays out core principles and measures to be adopted across the Group in order to ensure compliance with antitrust law. The Code provides a set of core behavioral rules that employees must observe when dealing with competitors, customers and business partners. We provide regular classroom and online trainings to top management and exposed employees to refresh and develop their understanding of antitrust rules and how they affect their daily business. Questions and feedback received on the application of training content show the positive impact and efficacy of the training.

Managing compliance

In 2021, the Compliance Function underwent a transformation in the way it assesses Group and local Compliance Departments. In the past, the focus was primarily on local implementation of global programs (e.g. Sanctions, Anti-Fraud, Anti-Corruption, Anti-Money Laundering, etc.) to ascertain the Compliance Culture of our Operating Entities. Review procedures have been expanded to confirm adequate compliance scope, assure adequate skills to ensure complete and effective scope coverage and confirm

compliance with global programs in addition to local specificities. The changes also reinforce a compliance-by-default and by-design mindset through an evaluation of the status (e.g. standing) of a compliance function within the enterprise (e.g. the compliance function has a role/voice in major strategic and operational considerations).

This holistic approach was rolled out in the second half of 2021 through the Compliance Assurance of Risks and Effectiveness (CARE) program. While CARE is primarily a self-assessment exercise, it is reinforced with compliance reviews of operating entities, completed and coordinated by Group Compliance. Compliance reviews are completed on a risk-based, five-yearly cycle. This program is aligned to the CARE program so that operating entities are encouraged to exercise better rigor in the assessment of control effectiveness against the background of anticipated confirmation activities. Group Compliance is itself subject to external, independent evaluation by one of the 'Big 4' companies. It is evaluated based upon CARE elaborated criteria which have been certified as being compliant with regulations which define requirements for compliance organizations.

Compliance Reviews are supplemented by Targeted Reviews. These assess the implementation status and effectiveness of individual programs such as Anti-Trust, Sales Compliance, etc. The benefit of this multi-faceted review and confirmation strategy is that operating entities are monitored more frequently and are engaged in more holistic assurance activities. Additionally, the frequent interactions with operating entities provide

additional opportunities to monitor, guide and, if necessary, enforce remedial activities. An additional benefit is the ability to learn from local and group best practices, further bolstering our overall Compliance Culture.

As a matter of course, the development in the ongoing proceedings in connection with the Allianz GI U.S. LLC Structured Alpha funds would also be monitored by the compliance function and considered as part of the regular reassessment of compliance risks. Major findings will be reflected in the continuous improvement of our Compliance Management System and compliance processes.

Voicing concerns

Allianz offers employees multiple channels for raising concerns. Employees are encouraged to report breaches and misconduct and given information on where and how to do so. These include via management, speaking directly with Group Compliance, by e-mail, and anonymously via the inhouse SpeakUp@Allianz service found on our Group Intranet. Some operating entities provide employees with a dedicated telephone hotline. All reported incidents are assessed, documented and managed according to internal guidelines and confidentiality is strictly adhered to. Group Compliance runs an annual awareness campaign to remind employees of the avenues for reporting.

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COVID-19 dramatically affected governments' finances and raised the topic of tax responsibility up the agenda. We see the taxes we pay as an important part of our contribution to the sustainable development of the countries in which we operate. We believe fair, effective and stable tax systems are beneficial for both government and companies.

Allianz acts transparently and responsibly in all tax matters and works closely with the tax authorities to ensure that we pay our fair share of taxes. Our processes and internal governance implemented in line with our tax strategy are set to ensure full compliance in every jurisdiction where we operate.

As regards the **Allianz Group's tax strategy**, the strategy has been approved by the Board of Management of Allianz SE as the ultimate decision taking body. Our tax strategy is transparent and closely aligned to our business strategy and also to our sustainability goals – which focus on the relevant U.N. Sustainable Development Goals. Guided by our Sustainability

Strategy, we embed environmental (E), social (S) and governance (G) aspects in all our business and corporate citizenship activities; responsible tax is a fundamental part of this. Our Code of Conduct sets out our values and principles and serves as a guide to our behavior. These values and principles are also reflected in our tax strategy, which requires full compliance with tax regulations and tax laws in all countries in which we operate. Our tax strategy has been approved by the Board of Management of Allianz SE and is reviewed on an annual basis. It comprises the following strategic priorities:

- Full compliance with tax regulations, accurate and timely reporting and effective tax risk management.
- Safeguarding of the Group's reputation as a responsible taxpayer.
- Existence of a sound organizational set-up for appropriate tax management.
- Full compliance of tax planning and optimization activities with tax laws, supported by solid business reasons to sustain a credible long-term reputation with tax authorities.
- Disclosure of meaningful tax information in a transparent way.
- Continuous improvement and harmonization of tax processes through simplification and digital solutions.

As a member of the B Team, a coalition of business and civil society leaders advocating

sustainable business practices, Allianz promotes the B Team Responsible Tax Principles.¹ They provide a common framework of core principles and practical commitments for companies to demonstrate responsibility and sustainability in their tax approach.

Our strong commitment to transparency is reflected in the publication of our Tax Transparency Report.² This provides insight into our approach to taxation which is in line with our tax strategy and discloses an expanded country based reporting.

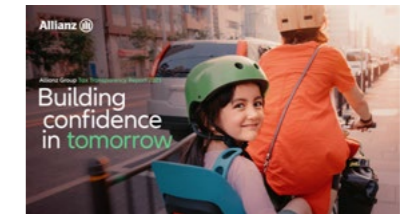
In compliance with the OECD Base Erosion and Profit Shifting (BEPS) Actions, we prepare a Country-by-Country-Report for the Group and submit it to the German tax authority which shares the data with countries which have signed agreements allowing for exchange.


At this time of public debate around corporate tax behavior, we aim to provide transparency over our approach to tax and we encourage and support others to do the same. To facilitate the debate with relevant data, Allianz contributed to the Total Tax Contribution study 2021³ commissioned by the European Business Tax Forum (EBTF).

In 2021, we reported € 2.4 billion income tax charge on our profits and our Total Tax Contribution amounted to € 17.9 billion.

€ 17.9 bn

Total Tax Contribution in 2021



 You can find details of income tax charge per country in our Tax Transparency Report 2021 in the Download Center on our website.

¹  Find more details about the B Team Responsible Tax Principles here.
² The Allianz Tax Transparency Report 2021 contains disclosures related to GRI 207.
³ Total-Tax-Contribution-A-study-of-the-largest-companies-in-Europe-2021-Report.

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Our procurement processes aim to deliver best value for money for our activities, products and services while reflecting Allianz’s high sustainability standards. The goal is to develop a responsible global supply chain by collaborating with our suppliers to deliver sustainability targets and searching for more sustainable products and services.

Our strategy and commitment to sustainability are supported by our Procurement, Travel and Fleet Policies.

To develop our supplier network with increased emphasis on sustainability and human rights, we must constantly analyze the sustainability performance of our supplier network. We must also continue to find more sustainable products and services by setting up major framework agreements and emphasizing sustainable products in our ordering offers for Allianz employees.

To drive progress on a global scale, we focus on synchronizing activities and sharing best practices across our international procurement network. In addition, we are defining global responsibilities and priority procurement categories – such as energy (see opposite) – to optimize demand and deliver projects which support our operating entities.

Developing our supplier due diligence

For suppliers to comply with our sustainability standards, they must pass a solid supplier screening with newly updated supplier questions and a new Vendor Code of Conduct reflecting current and upcoming international requirements towards human rights, for example modern slavery acts (Australia, UK) and the new supply chain laws (Germany).

100 %
of our global suppliers, representing a total spend of € 1.6 billion, have committed to the Allianz Vendor Code of Conduct in 2021, the same level as in the previous year.

Focusing on categories that have the greatest impact

We already include sustainability questions in Requests for Proposal (RfP) and sustainability criteria in awarding matrices in some procurement events and categories and we are now in the process of extending this to all relevant procurement categories.

To identify the priority procurement categories, we initiated a structured approach together with our environmental experts and procurement category experts. Our aim was to identify those categories with the greatest impact on Allianz’s sustainability performance and customers as well as the potential contribution of procurement to sustainability-related projects. Through this process, we identified three priority areas:

- **Electricity consumption of Allianz** (project RE100) and our suppliers (Data Centers and Clouds)
- **Travel**
- **Claims sustainability** supported by Global Insurance Procurement

In addition to our Group approach, our operating entities develop local approaches. For example, in the UK we have developed a sustainability charter, training modules for purchasers and a whistle-blowing channel for employees of our suppliers.

Changing electricity consumption to green electricity

To support our RE100 commitment to have 100 percent renewable electricity across our global corporate portfolio by 2023, we accelerated discussions with local utilities and global energy consultants. As a result, we achieved 77 percent electricity from renewable, low-carbon sources in 2021 (see section 02.6). Our strategic data centers used 100 percent certified renewable electricity in 2021. We are also exploring the inclusion of electricity consumption from suppliers’ cloud services into our corporate carbon footprint. Where suppliers use electricity on our behalf, we aim to encourage them to move to green electricity or to compensate adequately for the electricity they consume. We are collaborating with industry leaders for the provision of cloud services, such as Microsoft Azure and Amazon Web Services.

Smart travel and fleet

Where travel cannot be avoided, we launched a Travel Awareness Campaign to support employees to make sustainable choices on business trips. Our travel tools offer a sort and transparency function based on CO₂ emissions for flight search and we have negotiated CO₂ compensations for easyJet and Lufthansa flights (European routes only). In 2021, we reduced the carbon footprint of our fleet and rolled out a new mobility policy limiting ordering to hybrid and electric cars only and providing both charging cards for public parking slots and charging infrastructure for employees at home.

Sustainable claims

We want to encourage and support our providers to develop a network and supplier base that supports our sustainable procurement ambitions. To improve sustainability in the core insurance business, Global Insurance Procurement has taken the lead on a Group initiative around sustainable claims. Its aim is to decarbonize claims processes and find ways to make them more sustainable. The first focus has been on motor retail claims and engaging third parties involved in the claims process, such as repair shops.

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04 Climate-related financial disclosure

This section is our climate-related financial disclosure and covers our proprietary investments as well as our insurance underwriting. As part of our commitment to transparency, we apply the recommendations of the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

We strive to continuously enhance our climate change-related reporting and business practices to drive best practice and we collaborate with and support others to do the same.

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As part of our commitment to transparency, we apply the recommendations of the G20 Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD). We strive to continuously enhance our climate change-related reporting and business practices to drive best practice and we collaborate with and support others to do the same.

This report covers the proprietary investments as well as the insurance underwriting of Allianz Group. The climate-related disclosures of our two asset managers Allianz Global Investors and PIMCO can be found on their respective websites.

The Allianz Group Climate Change Strategy commits us to reach net-zero greenhouse gas (GHG) emissions by 2050 across our business. This is in line with the ambitions of the Paris Agreement to limit global warming to a maximum of 1.5°C by the end of the century. Our priorities include exiting coal-based business models by 2040 at the latest, enhancing our systematic approach to investee engagement and policy advocacy, and implementing the TCFD recommendations.

Noteworthy developments in 2021

1. In July 2021, Allianz joined forces with seven other leading insurers to form the U.N.-convened Net-Zero Insurance Alliance (NZIA). See section 02.1.
2. Allianz has set decarbonization targets for 2025 for its listed equity, corporate bonds and real estate portfolio. Overall emissions are to be cut by 25 percent against a 2019 baseline. Targets have also been set for our infrastructure portfolio. See section 04.6.
3. In 2021, the Supervisory Board of Allianz SE established a Sustainability Committee to oversee Environment Social and Governance (ESG) issues and monitor the Board of Management’s sustainability strategy. See section 05.4.
4. In section 04.4, we disclose the results of comprehensive climate scenario analyses on both sides of our balance sheet.
5. We are working to improve the ecosystem for climate and sustainability disclosures by being active in Open Source Climate (a group of corporates to jointly build a ‘pre-competitive layer’ of modeling and data), the European Financial Reporting Advisory Group and the EU Platform on Sustainable Finance. See section 04.3.3.

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Given the materiality of climate change to our business, we govern it at the highest level and cascade responsibility through to management.

04.2.1 Overarching and board-level governance

Allianz's climate ambition, strategy and targets are decided at the Supervisory Board and Board of Management level and cascaded to relevant functions. We describe this governance approach and how remuneration is linked to climate performance in section 05.4 of this report.

04.2.2 Business and management-level governance

In 2021, we thoroughly reviewed our approach to identify and manage climate change risks and opportunities. This review concluded that a program to develop and implement continuously improved tools, processes and disclosures – including appropriate governance structures – should be implemented from 2022 onwards. The process is steered by a cross-functional group of senior executives at Group and OE levels. They include the Chief Risk Officer, Chief Sustainability Officer, Heads of Group Accounting and Reporting, Global Property-Casualty (P&C), Global Commercial, Centre of Competence Life and Health and one of the Managing Directors of Allianz Investment Management. Progress is reported to the Group Sustainability Board.

The governance described refers to the status in the reporting year 2021.

Group functions

Addressing sustainability matters requires cross-functional collaboration and support across our global operations. The Global Sustainability function includes a team dedicated to Climate Integration and is responsible for coordinating integration of sustainability and climate aspects into core investment, insurance and business operation activities. It also acts as the secretariat of the Sustainability Board and meets regularly with its Chair. Further functions such as Group Risk, Global P&C, Global Commercial, Allianz Investment Management and Group Accounting and Reporting report on climate-related matters and support operating entities in integrating the Group's strategic approach and policies. Additional bodies and functions, such as Allianz Research, monitor and analyze market, technological and regulatory trends and developments and share insights.

Investment and insurance functions

Our key insurance operating entities, two major investment businesses (Allianz Global Investors and PIMCO) and investment management function (Allianz Investment Management) have well-established climate and sustainability teams.

At Allianz Investment Management (AIM), the Investment Management Board (IMB) oversees implementation of climate and sustainability strategy for our proprietary investment portfolio of € 849.2 billion. This includes regular updates, discussions and decisions on implementation, target-setting and compliance related to portfolio decarbonization targets and measures. Analyses of potential growth opportunities as well as asset stranding in climate scenarios and engagement on climate aspects are also regularly addressed. In 2021, The IMB held a dedicated session on physical and transition risk covering the proprietary

investment portfolio in a holistic way. Within AIM, climate and sustainability are steered at the IMB level with a Managing Director in charge of the implementation.

For our P&C insurance business, the ESG Business Services team located at Allianz Global Commercial & Specialty (AGCS) is responsible for developing, coordinating and supervising sustainability and climate-related governance.

📄 For more details, see section 02.2 as well as the Allianz ESG Integration Framework.

04.2.3 Climate competence

In addition to the governance mechanisms described above, we apply a variety of instruments to foster sustainability and climate competency at Board, senior executive and employee levels. These include:

- Extensive reports and briefings for top management, translating climate science into business implications.
- Sustainability roundtables of investment functions.
- Trainings for employees, investment-related functions, underwriters and sales agents.
- Knowledge sharing with and upskilling of local sustainability colleagues.
- Conferences on sustainability topics which include Board member presentations; in 2021 we held the conference 'Understanding Climate Risks' and two internal Sustainability Forums open to all employees.

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Since 2005, the Allianz Group Climate Change Strategy has encouraged solutions for tomorrow’s climate. It steers the uptake of climate-related risks and opportunities in our insurance and investment business. Regularly updated, it is overseen by the Sustainability Board.

Our 2021 materiality assessment confirmed the results of 2019 in finding climate change to be Allianz’s top sustainability topic according to stakeholder views on the importance of topics to our business and to society. See section 05.2 for more details on the materiality assessment.

04.3.1 Our Climate Change Strategy

The strategy focuses on three areas: Anticipating the risks of a changing climate; Caring for the climate-vulnerable; and Enabling the low-carbon transition. These strategy pillars are described in chapter 01.5.3 of this report.

04.3.2 Climate-related risks and opportunities

Climate change will materially affect global economies and Allianz’s lines of business. The risks and opportunities emerging today will increase over the mid- and long-term. They include acute and chronic physical impacts on property and human health such as warming temperatures, extreme weather events, rising sea levels, intensifying heatwaves, droughts and potential changes in vector-borne diseases.

Risks and opportunities also result from the cross-sectoral structural change stemming from the transition to a low-carbon economy. These transition risks include the impacts of changes in climate policy, technology and market sentiment, and impact thereof on the market value of financial assets, as well as impact resulting from climate change litigation.

Impact on our business and impact of our business

Allianz Group is exposed to risks that are influenced by climate change in a multitude of ways. We are particularly impacted in two key ways through our core business activities, both of which can influence the ability of assets to generate long-term value:

- As an insurer providing insurance policies, e.g. covering health impacts, property damage or litigation claims, and through changes in the sectors and business models we underwrite.

- As a large-scale institutional investor with significant stakes in various economies, companies, infrastructure and real estate that might be affected by the physical impact of climate change and the transition to a low-carbon economy.

The largest risks in our risk profile are market risks, especially equity risk, credit and credit spread risks driven by assets backing long-term liabilities. P&C premium and reserve risks, resulting from natural and man-made catastrophes and from claims, uncertainty must be considered.

Risk category	Climate-related changes		
Physical	Acute	First-order hazard/risk	Second-order risk
		Like extreme weather, heat stress, etc.	Like soil moisture deficit, coastal erosion etc.
	Chronic	First-order hazard/risk	
		Like changing temperature patterns or rising sea levels, etc.	
Transition	Policy and legal		
	Technology		
	Market		
	Reputation		
Litigation		Litigation for (enabling) GHG/emissions/failure to mitigate, etc.	
		Litigation for insufficient disclosure, adaptation, etc.	

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Internal analysis shows that our proprietary investment portfolio, especially the listed equity and corporate bonds asset classes, is most sensitive to climate transition scenarios. This is mainly because equity investments are directly affected by climate-related impacts and changing market expectations and resulting market valuation. In contrast, for a long-term investor like Allianz, impacts on debt investments would be felt first by a changing of spreads and to a lesser extent by impairment of debt service of assets.

In section 04.4 we disclose different quantitative and qualitative assessments for physical and transition risks.

As well as being impacted by climate change, the choices Allianz makes about how to conduct its business have an impact on climate change, e.g. by investing in or insuring activities which either cause or reduce GHG emissions. To manage potentially detrimental impacts on both climate and our business, we have committed to align our proprietary investment and insurance underwriting portfolios to 1.5°C climate scenarios.

04.3.3 Our response

We embed the management of risks and opportunities resulting from climate change in our overall business strategy. Measures include: developing and adjusting financial products and services; updating policies and processes; setting targets and limits; managing our operational climate footprint; and engaging with internal and external stakeholders.

Long-term ambition and the Net-Zero Alliances

After the release of the landmark Special Report on Global Warming of 1.5°C by the Intergovernmental Panel on Climate Change (IPCC) in October 2018, we thoroughly reviewed the implications for our corporate response. As a result, we increased our ambition from ‘well below 2°C’ and committed to pursuing efforts to limit global warming to a maximum of 1.5°C by the end of the century. This is postulated as the upper ambition level of the Paris Agreement and the European Union’s long-term climate strategy.

As a major outcome of incorporating the assessment of climate-related risks and opportunities into our business strategy, we co-founded the U.N.-convened Net-Zero Asset Owner Alliance (AOA) and Net-Zero Insurance Alliance (NZIA), thereby committing to setting long-term emissions reduction targets for our proprietary investment portfolio, insurance underwriting and business operations.

📄 The AOA is explained in more detail in section 02.2 and the NZIA is explained in section 02.1.

In 2020, Allianz set intermediate targets following the guidance of the AOA for the asset classes listed equity, corporate bonds and real estate. In 2021, we also set targets for infrastructure investments. Our targets cover all four dimensions as described in the U.N. AOA Target Setting Protocol and are explained in detail in section 04.6.1.

Managing transition risks

Fundamental to managing transition risks is an understanding of the pathways along which companies can, and should, develop their business models to align with 1.5°C. Allianz continuously conducts detailed analysis of energy-intensive sectors’ emission profiles, prototypical decarbonization pathways and necessary technology shifts within sectors and companies.

As part of the Glasgow Financial Alliance for Net-Zero (GFANZ) Allianz is leading the work on sectoral decarbonization pathways to enhance development, understanding and uptake. As part of this, we are also engaging with top-down and bottom-up modelers of those pathways.

We use the results for portfolio analysis, for risk management and to inform our engagement process and management decisions. Emissions footprints are used as a proxy for transition risks and are therefore covered in our decarbonization targets.

Allianz started to restrict financing coal-based business models in 2015. Equity stakes have been divested, existing fixed income investments put in run-off and no new investments have been allowed since 2015. We do not offer insurance for individual coal power plants or mines and we require all companies across our P&C insurance and proprietary investment portfolio to fully phase out coal by 2040 at the latest. Our criteria are continuously tightened as explained in more detail in our public Statement on Coal-based Business Models. A more detailed explanation of our coal approach is included in section 02.2.

Seizing on opportunities

Our business strategy includes systematically leveraging opportunities to finance a low-carbon and climate-resilient future, e.g. by investing in renewable energy, energy efficiency in real estate and electric vehicle infrastructure and by providing insurance solutions to protect against physical climate impacts and support low-carbon business models. For proprietary investments, the Allianz ESG Functional Rule for Investments provides the foundation for integrating climate-related issues. It comprises asset manager selection and systematic integration of climate and sustainability factors into our investment decisions.

📄 Read more in our ESG Integration Framework

We have strategically invested in low-carbon assets for over a decade. This includes renewable energy, certified green buildings and green bonds (see section 02.2.2). Our Sustainable Solutions program provides products and services that create shared value by improving people’s lives and/or delivering a positive environmental impact. Allianz is one of the leading insurers of low-carbon technologies. As part of our Sustainable Solutions approach, we provide standardized and tailor-made insurance products and are insuring renewables in 70 countries.

We also aim to reduce the impacts of climate risks and incentivize preventive measures to increase customers’ resilience and compensate for climate-related damages. Examples include risk consulting services offered by AGCS, our active support of the InsuResilience Global Partnership and our work with the German Corporation for International Cooperation (GIZ) to pilot innovative insurance solutions in emerging and developing countries.

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Active company dialogue, joining forces and targeted engagement

We actively engage investee companies and insurance clients using a variety of channels and formats. A key forum for engaging the 167 most carbon-intensive companies is Climate Action 100+ (CA100+), a collective engagement platform made up of more than 600 global investors responsible for more than \$60 trillion in assets under management across 33 markets. Our goals and actions in CA100+ are explained in section 02.2.3.

AIM has a dedicated engagement function for proprietary investments. AIM systematically engages with external asset managers on climate integration, climate risk management, proxy voting processes and public discourse.

In addition, our internal asset managers, AllianzGI and PIMCO, and our insurance entities are active stewards on climate-related matters.

📄 For more details on our engagement approach please see section 02.2 and 02.3.

📄 For voting records of AllianzGI, please refer to their overview web page.

We are joining forces with other asset owners in encouraging companies to implement transition pathways. Our participation in the Transition Pathway Initiative (TPI), CA100+ and the Principles for Responsible Investment (PRI) connects us with like-minded investors and offers opportunities for collaborative engagement. On decarbonization matters, the AOA strives to be the link between these existing engagement platforms, asset owners, target verification initiatives and tools and policymakers.

Addressing climate change in our own business operations

We rate impacts from climate change risks on the operations of the Allianz Group to be of limited materiality. The exposure of Allianz offices and data centers to locations at high risk of extreme weather events is contained and managed through risk mitigation measures as well as business continuity and disaster recovery plans.

The low-carbon footprint of our operations makes us less prone to carbon price risk and we have committed to reduce it further (see section 02.6).

Forest protection to protect carbon sinks and biodiversity

In 2019, we committed to pursue efforts to limit global warming to a maximum of 1.5°C by the end of the century and aim for net-zero emissions by 2050. We have claimed our operations to be 'carbon neutral' since 2012. This has been achieved through investments in the protection of existing rainforests (Wildlife Works Carbon and Rimba Raya), maintaining significant carbon sinks and biodiversity while empowering the local population through job creation, provision of health care and education and preserving biodiversity.

Looking ahead, we believe the focus should be both on reducing emissions in line with science and protecting natural systems. We have set corresponding targets to reduce emissions in our investments and operations. Science has made clear that the 1.5°C target will require an upscaled removal of emissions from the atmosphere into technical and natural carbon sinks. The IPCC defines carbon neutrality as

achieved when anthropogenic emissions of GHGs to the atmosphere are balanced by anthropogenic removals over a specified period. We support this understanding in the context of our net-zero commitment. We expect to define our new strategy on this matter in 2022.

Partnerships, memberships and financial industry engagement

We actively contribute to specialized initiatives that focus on decarbonization, including:

- The Glasgow Financial Alliance for Net-Zero (GFANZ), NZIA, AOA and Science Based Targets initiative (SBTi) represent the commitment to decarbonize our operations, proprietary investments and P&C insurance underwriting.
- CA100+ coordinates the investor community engagement of 167 of the largest global corporates on climate matters and Allianz leads engagements.
- The Transition Pathway Initiative (TPI) assesses the climate performance of corporates across a variety of sectors.
- The G7 Investor Leadership Network (ILN) and Institutional Investors Group on Climate Change (IIGCC) serve as networks to share and develop best practice. Allianz is represented on the board of both.
- Open Source Climate is a group of corporates to jointly build a 'pre-competitive layer' of modeling and data that is globally shared and accessible. Allianz is represented on the board.

Through our additional memberships, including The B Team and World Economic Forum (WEF) Alliance of CEO Climate Leaders, we encourage companies within our sector and beyond to step up and improve their climate strategies and climate disclosures, as well as develop our own.

Allianz partners with international organizations to drive climate-smart investment and insurance. One example is the Sustainable Development Investment Partnership (SDIP) which aims to scale the use of blended finance in sustainable infrastructure investments in developing countries, an initiative coordinated by the WEF with support from the OECD. Another example is our three-year strategic alliance with GIZ aimed at 'Closing the Protection Gap' around climate risks in developing countries.

We are an active member of climate-related industry associations and initiatives including the Munich Climate Insurance Initiative, Chief Risk Officer Forum, Climate Finance Lab, Accelerating Sustainable Finance initiative, Geneva Association, ClimateWise, RE100 and others.

📄 For more details on stakeholder engagement see section 05.3 in this report.

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Advocating for strong climate policy

A supportive policy environment is crucial to ensure the viability of a socially-just transition to climate resilience and net-zero emissions. Without decisive action by governments, there will be insufficient frameworks and market incentives to bring down demand for emission-intensive products and to allocate capital in line with a 1.5°C trajectory. The private sector, including insurers, can play an important role in raising government awareness and making the business case for getting on track to deliver the Paris Agreement.

Asset owners like Allianz are in a unique position in the financing value chain, especially those setting themselves portfolio targets and therefore being dependent on change in policy and the real economy to achieve them.

In 2021, we continued to advocate for a green recovery to build back better after the COVID-19 pandemic. As part of the recovery, government spending and recovery packages are playing a pivotal role in underpinning economies, infrastructures, jobs and livelihoods. Policy and fiscal decisions taken now cut across numerous policy areas and will either pave the way for necessary structural changes – or delay action.

Allianz has been vocal through engagement from Board-level to working-level interventions, joint calls to action and dedicated papers such as:

- The U.N. convened Net-Zero Asset Owner Alliance Discussion Paper on Governmental Carbon Pricing;
- The WEF Alliance of CEO Climate Leaders' statement to G7;
- German Business Statement for crisis management coordinated by Stiftung Klimawirtschaft (formerly Stiftung 2 Grad);

- The Investor Call for Ambitious Methane Regulation for the Oil and Gas Industry;
- We Mean Business letter to G20.

We also advocate for:

- Embedding 'net-zero by 2050' in short- and long-term governmental climate targets, climate strategies and emissions reduction plans, following latest climate science which requires at least halving emissions every decade in line with pathways of no or low overshoot of a 1.5°C temperature rise.
- Development of sector policies to promote a swift and just transition including the development of more granular short-, medium- and long-term zero carbon infrastructure plans.
- Stringent carbon pricing to internalize the external costs of pollution, including a phase-out of direct and indirect fossil fuel subsidies.
- Protection of nature and support for regenerative forestry and agriculture.
- Support for and potentially redirecting of subsidies to scale-up new technologies that will provide solutions in hard to abate sectors, e.g. carbon capture and storage and green hydrogen.
- Promotion of mandatory assured climate reporting and transition plans like GHG emissions, associated reduction targets and alignment with 1.5°C trajectories.
- Climate disclosure aligned with TCFD and the E.U. Sustainable Finance agenda, in particular the E.U. sustainability taxonomy.
- Sustainable finance regulation that provides a defined, science-based and reliable framework via a common taxonomy of sustainability, clarification of asset managers' and investors' duties, inclusion of sustainability in prudential regulation, and enhanced transparency of corporate reporting.

Towards open source climate data, models and analytics

More and more financial institutions are committing to align their portfolios with the Paris Agreement. One of the main barriers they face is accessing trusted data and transparent analytical tools to quantify and act decisively on climate-related risk and opportunities. Current regulation and methodologies are not standardized enough and the market for data and tools is highly fragmented. To improve this, Allianz is supporting and contributing to advancing climate disclosures in a number of ways:

1. We are a member of Open Source Climate (OS-C), an initiative hosted under the Linux Foundation to enable like-minded companies to build a 'pre-competitive layer' of modeling and data that is globally shared and accessible. OS-C links company data, climate analytics (scenarios and stress-tests) and scientific climate models in one platform, allowing for global collaboration on this exceptional data challenge which will accelerate innovation.

Allianz is heavily involved in the development of the prototype along with other large corporations like Amazon, Microsoft and Goldman Sachs. OS-C also develops a prototype Implied Temperature Rating tool in line with the TCFD's work on Portfolio Alignment. It will start with four sectors (Automotive, Oil & Gas, Steel and Utilities).

2. Allianz is a member of the Project Task Force for non-Financial Reporting in the European Financial Reporting Advisory Group (EFRAG) which prepares the elaboration of possible E.U. non-financial reporting standards in a revised Non-Financial Reporting Directive (NFRD).
3. We are the only insurer within the E.U. Platform on Sustainable Finance which acts as a permanent expert group of the European Commission to assist developing the E.U.'s sustainable finance policies, notably the further development of the E.U. taxonomy.

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Climate change considerations are an integral part of our insurance and investment strategy.

We apply various quantitative and qualitative approaches to carry out climate stress testing and scenario analysis in consideration of the long time horizons over which climate change may unfold and the high uncertainty over the direction of future climate and economic developments. Our objective is to foster risk awareness, build expertise in the assessment of financial risks

from climate change, test our business strategy and inform risk management and business decision making.

We perform sensitivity and scenario analyses with time horizons up to 2050 and including scenarios ranging from 1.5°C to 4°C of average warming by the end of the century. We make use of internal models and external tools. While time horizons naturally differ depending on the lines of business under consideration, the range of scenarios we apply allows us to better assess the variety of risks and opportunities associated with climate change.

When we conduct analyses which assess 1.5°C scenario alignment, we adjust our scenario selection using guidance developed by the AOA which is focused on 1.5°C scenarios with no or low overshoot of 1.5°C of warming which limits the need to remove GHG emissions from the atmosphere in the second half of the century.

When conducting outside-in impact scenario analysis, we use a broader range of scenarios in terms of temperature outcomes and characteristics. Qualitative assessments are conducted to explore to what extent and across which channels climate change risks affect different aspects of our business, unconstrained by the still limited availability of quantitative models. As an example, we report results from qualitative exposure screening for investments using a transition risk heat map in section 04.4.1 and insights from a survey based assessment for P&C retail business in section 04.4.2.

We deploy quantitative assessments for indicative sizing of our exposure to climate change risks. A top-down approach is developed to assess risks at the level of our balance sheet, in a first step applying scenario data provided by the Bank of England for the Climate Biennial Exploratory Scenario 2021 (CBES 2021) for the analysis of our investment portfolio presented in section 04.4.3.

Complementary bottom-up modeling for the most relevant exposures provides insights into climate change risks at the level of individual investment or underwriting projects and may support contextualization of results from top-down analyses. This is showcased in the carbon price stress-test for listed equity and corporate bonds in section 04.4.4, the inland flood risk case study for real estate (see case study on page 80) and the analysis of inland flood and tropical cyclone risks for property insurance liabilities in section 04.4.5.

Note that the analyses included in this report reflect our current approaches to climate change risk assessments. Prevailing methodological and data limitations as well as the high degree of uncertainty inherent in any long-term analysis may still limit decision-usefulness of some results. However, these approaches will change over time as climate scenarios evolve in line with research, developmental-stage methods improve further and industry best-practices emerge.

Aspects covered	Scenarios used	Scenario provider
Transition and physical	<ul style="list-style-type: none"> • Climate Biennial Exploratory Scenario • General Insurance Stress-test 2019 	Bank of England
Transition and physical	<ul style="list-style-type: none"> • Orderly • Disorderly • Hot-house (for physical) 	Network for Greening the Financial System
Transition	<ul style="list-style-type: none"> • 53 scenarios used for Special Report on Global Warming of 1.5°C (no and low overshoot) 	Intergovernmental Panel on Climate Change (IPCC) (building on a multitude of scenario providers)
Transition	<ul style="list-style-type: none"> • Net-zero by 2050 • Sustainable Development Scenario • Beyond 2° Scenario • Stated Policies Scenario • 2° Scenario 	International Energy Agency
Transition	<ul style="list-style-type: none"> • One Earth Climate Model 	University of Technology Sydney
Transition	<ul style="list-style-type: none"> • RPS • FPS 	Inevitable Policy Response
Physical	<ul style="list-style-type: none"> • RCP¹ 4.5 • RCP¹ 8.5 • RCP¹ 2.6 will be implemented in the course of 2022 	IPCC

1 Representative concentration pathway.

Short-term	Medium-term	Long-term
Up to three years	Three – ten years	Ten+ years
As defined, for instance, in our standard Top Risk Assessment process.	Needed for establishing solvency considerations and capital adequacy.	As, for instance, required for strategic decisions and transactions with investment horizons of several decades like real estate and infrastructure.

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Overview of business-related climate risk analyses disclosed in this report

Objective	Name	Scope	Aspects covered	Chapter
1. Economic impacts (top-down)	Qualitative risk exposure screening	Investments	Transition	04.4.1
2. Economic impacts (top-down)	Qualitative risk assessment	Insurance	Transition	04.4.2
3. Economic impacts (top-down)	Quantitative climate stress-test	Investments	Transition, physical	04.4.3
4. Economic impacts (bottom-up)	Quantitative carbon stress-test	Investments	Transition	04.4.4
5. Economic impacts (bottom-up)	Quantitative risk assessment	Insurance	Physical	04.4.5

Further examples of the application of scenario analysis include:

- Prospective and existing infrastructure assets undergo a thorough due diligence along evaluation criteria, considering an asset's GHG emissions and potential impact on capital expenditures and performance. Assets are required to have a clear and time-lined strategy showing how they will adapt to a decarbonizing world.
- Allianz Real Estate regularly conducts an energy and carbon performance overview of its direct real estate portfolio, including indicative decarbonization targets. Furthermore, Allianz Real Estate piloted the application of in-house climate scenario analysis for investment portfolios. This work builds on internal underwriting tools to assess location-based physical climate risks and paves the way to use them on the asset side as well.

- For our business operations, threats as a result of climate change and other extreme weather related events are assessed on a forward-looking basis via an emerging threat assessment that is conducted between Allianz Technology and the Allianz Group. This assessment aims to identify top emerging threats, including interdependencies, and the definition of potential mitigation strategies, following a multi-step process involving external market research, expert reviews and surveys.

Subject matter experts from across Allianz Technology and the Allianz Group assess each identified threat for relevance to Allianz, establish ratings for impact and probability of occurrence, and define high-level mitigation strategies. Climate-related issues considered in the most recent assessment included adverse impacts from increasing frequency and severity of extreme weather events on Allianz premises, consequences of heatwaves on operations and energy efficiency of data centers under rising temperatures, and potential challenges with regard to the implementation of future energy efficiency regulation.

The threat of business disruptions and damaged or destroyed assets due to extreme weather events already exists under current climate conditions. Further increase of this threat due to climate change is addressed through review and update of risk mitigation measures and business continuity and disaster recovery plans. Other defined mitigation strategies targeted to mid- or long-term issues range from developing solutions for managing data center load and cooling at temperature peaks to designing implementation concepts for regulatory requirements.

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04.4.1 Top-down qualitative transition risk exposure screening of investment portfolio

Allianz Research calculated the macroeconomic negative impact of increasing regulatory intensity on the global industry at nearly 2.5 trillion U.S. dollars over the next decade, while also identifying opportunities for a variety of sectors.

Methods

The analysis focused on the most important measures of climate policy currently enacted or under discussion. These measures can be grouped into the following categories: carbon pricing; energy mix and efficiency mandates; mobility regulations; and industry-specific taxes, fines and levies. Costs for businesses depend on emissions' costs, regulation and policy dynamics. The ultimate risk is a complete loss of value of certain assets or entire businesses.

According to report findings, the energy sector will be hit hardest with an estimated cost of 900 billion U.S. dollars. The steel sector follows with a cost of 300 billion U.S. dollars. The air and marine transport sector faces 55 billion U.S. dollars costs. Other sectors at risk include automotive, chemicals, pulp and paper, retail and machinery/manufacturing.

The report also presents a heat map showing transition risk severity for the next twenty years and drivers and mitigating factors for different sub-sectors. An extract of the results is shown below.¹

We have used the findings of this macroeconomic analysis for internal analyses. For this year's report, we introduce an overview of the exposure of our proprietary investment portfolios to the sub-sectoral risks shown above. We assume a static portfolio where the sector allocation would remain the same and where risks are evenly spread within the sector.

Results

Mapping listed investments to the heatmap provides a first indication in which sectors the main exposures to transition risk are concentrated in and how these exposures evolve over time on the assumption of a static portfolio. Using this approach, less than 4 percent of our combined listed equity portfolio and listed corporate bond portfolio would fall in the category of being prone to high or very high climate change risk in a 1.5°C scenario considering the 2020 risk landscape. This is mainly driven by the utilities exposure in the corporate bonds portfolio. Over time this share grows, led by exposures to energy intensive industries in the materials and industrials sectors. According to the heatmap, a step change in the exposures to high and very high climate change risk is to be expected after 2030 due to policy tightening, particularly affecting the oil and gas related energy sectors. The share of sectors at high or very high risk would increase to around 18 percent by 2040.

Naturally, our investment portfolio will not remain static over this time horizon. Implementing our decarbonization strategy and the corresponding targets will also adapt both inter- and intra-sector allocation to provide effective mitigation against this exposure increase – our strategic response to identified risks is summarized in section 04.4.6.

Assets and business impact under transition scenarios (source: Allianz, excerpt)

Global		2°C					1.5°C				
		2020	2025	2030	2035	2040	2020	2025	2030	2035	2040
Energy	Integrated oil and gas	(M)	(M)				(M)				T
Energy	Oil and gas storage and transportation										
Energy	Coal and consumable fuels				T, P	T, P				T, P	T, P
Materials	Fertilizers and agricultural chemicals	(T)	(T)	(T)	(T)	(T)	(T)	(T)	(T)	P	
Materials	Aluminum										
Materials	Steel										
Industrials	Industrial conglomerates										
Industrials	Airlines	(T)	P				(T)	P			
Consumer discretionary	Auto components										
Consumer discretionary	Automobiles			P	P, T	T		P	P	P, T	P, T
Utilities	Electric utilities	P	(M)		P	P	P	(M)		P	P
Utilities	Renewable electricity				T	T				T	T

Risk enhancer:
 P = policy
 T = substitution technology
 M = related market forces

Risk mitigator:
 (P) = policy
 (T) = little substitution technology
 (M) = countering market forces

Risk:
Low
Medium
High
Very high

¹ The heatmap was not updated in the last year. If it was updated, results might change.

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04.4.2 Top-down qualitative risk assessment for retail P&C

Given their business focus and flexibility, we consider qualitative approaches as suitable tools to identify risks and opportunities as well as response options from a strategic angle. They allow us to explore in principle a rich set of transmission channels and interdependencies that do not have to be hardwired from the outset. Here, we report on a pilot survey-based assessment covering our major P&C retail lines of business which we launched as part of our first iteration towards building a comprehensive qualitative risks and opportunities assessment framework.

Methods, assumptions and limitations

The Network for Greening the Financial System (NGFS) provides six scenarios with differing levels of physical and transition risks. For the qualitative risk assessment, we have chosen the two 'extreme' scenarios of 'Divergent Net-Zero' and 'Current Policies' to present two clearly distinguishable development paths to the participants of the survey. 'Divergent Net-Zero' is characterized by ambitious and immediate, but rather un-coordinated climate policies. The net-zero target will be reached in 2050; physical risks will be low as compared to scenarios with more severe global warming, but the lack of policy coordination across sectors results in rather high transition costs, compounded by fast technological change. The scenario 'Current Policies', on the other hand, assumes that only currently implemented policies are preserved, implying relatively slow technological change and low transition risks but high physical risks; by end of the century, global warming will exceed 3°C.

For the first round qualitative risk assessment, we decided to keep the scope of the exercise straightforward with regards to lines of business and time horizons. Participants were asked to give their assessments for the retail motor and property lines of business and for two time horizons (2022 to 2030 and 2031 to 2050). The survey was limited to Europe, our main market. Giving participants a better understanding of how the scenarios might affect the business environment, we augmented NGFS data with specific business drivers such as the numbers of electric vehicles or targets for retrofitting buildings.

Risks and opportunities from climate change were assessed on a four-point scale based on qualitative criteria such as shrinking markets, higher claims, dwindling reinsurance capacity or changes that increase the market's susceptibility to disruption, also considering efforts that need to be undertaken to adapt to a changing business environment. Ratings were established for volume and profitability impacts as well as overall consequences. The subsequent assessment of requirements towards risk mitigation considers whether effective mitigation is provided by business-as-usual risk management practices, such as re-pricing or reinsurance, or whether extraordinary measures such as a business-line exit need to be taken, and whether a strategy on how the business might respond to the risk has already been elaborated. Ratings are commented for proper contextualization of the survey participants' choices.

Results

We show a summary of results of the pilot assessment, which was performed by the Allianz SE Global P&C leadership team, in the following table.

Result of analysis

Line of business	Time horizon	Divergent Net-Zero	Current Policies
Motor retail	Short- to mid-term	Negative	Neutral
	Long-term	Negative	Negative
Property retail	Short- to mid-term	Positive	Neutral
	Long-term	Positive	Positive

Transition risks under the different scenarios can be further differentiated into three categories: policy, technological and consumer preferences. All three will weigh on future premium growth and profitability in retail motor. Higher carbon prices, for example, will translate into higher mobility costs. At the same time, expected high public investments should make public transport more attractive. Consumers will react to these shifts by reducing car ownership and individual mobility. These trends are likely to accelerate after 2030. For Allianz, technological change is the main driver for declining profits in motor retail, i.e., higher loss ratios. Although frequency of claims might decline thanks to better technologies, this is more than offset by severity, i.e., higher costs for repairs and spare parts. Over the long-term, this should be reflected in pricing and then technological impact turns neutral. Physical risks like extreme weather events are assessed to have only a minor impact on claims in the motor business.

While the 'Divergent Net-Zero (1.5°C)' scenario is expected to have a clearly negative impact on the retail motor business, the story is different for retail property. Here, an overall positive impact is expected, in particular for top-line growth, i.e. Gross Written Premium. The main drivers are new standards for buildings (the policy aspect of

the transitions risks) which require corresponding insurance cover and offer new opportunities. Furthermore, increased NatCat risks are likely to lead to higher premiums. On the profitability side, the picture is more nuanced. More extreme weather events will lead to rising claims, but pricing and portfolio steering should be able to neutralize the impact on the bottom line.

Turning to the scenario 'Current Policies (3.0°C)', assessments are similar, but transition impacts are seen generally as less severe; this is in particular true for the short- to mid-term time horizon. As policies stay more or less unchanged, the trends of less individual mobility and more climate efficient buildings will unfold more slowly. Therefore, the qualitative risk assessment expects almost no change in the business environment until 2030. Only after this the impact of these trends will be felt, and in the same direction as in the 'Divergent Net-Zero (1.5°C)' scenario (negative for retail motor due to declining premium volume and positive for retail property through rising premium volume). For the bottom line, profitability impacts from more extreme weather events are seen as rather neutral for both lines of business, even over the longer time horizon. This also applies to the 'Divergent Net-Zero (1.5°C)' scenario for the same reasons.

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Outlook

The first round of the survey-based qualitative risk assessment for P&C retail business delivered valuable insights. Moving forwards, qualitative risk assessments will be performed through a step-by-step process for the most relevant P&C business portfolios, expanding the scope with regards to client segments and regions. Further development of the approach is planned to make it fit for feeding into business strategy and decision-making related to identified risks and also business opportunities (e.g., for product development, portfolio management and provision of risk consulting services). Upon repeating the exercise in coming years, it will be interesting to see how these assessments change over time as climate policies and, correspondingly, climate scenarios continue to evolve.

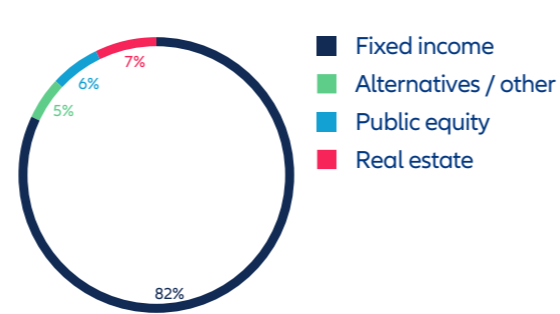
04.4.3 Top-down quantitative climate stress-test for investments

The initial assessment of financial risks from climate change on the Allianz investment portfolio we report here leverages on a rich set of climate scenario data developed by the Bank of England for regulatory stress-test purposes in 2021 (Climate Biennial Exploratory Scenario, CBES), using input from NGFS reference scenarios and various other sources. We may adopt other scenarios for similar top-down analysis going forward, depending on analysis objectives.

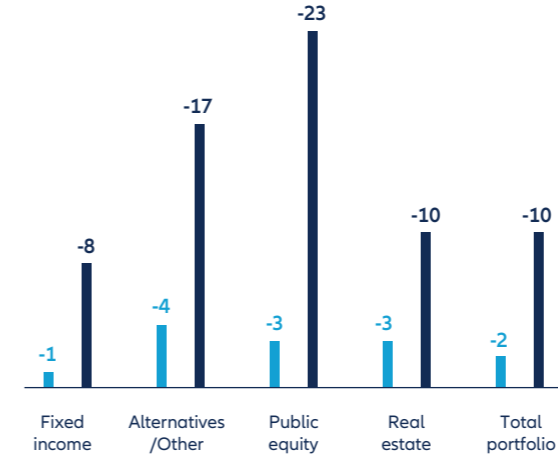
Methods, assumptions and limitations

The CBES 2021 provides three scenarios exploring different levels of transition and physical risks.¹ The Early Action (EA) scenario assumes an early and orderly transition to net-zero by 2050, with limited impact on economic growth. The late and disorderly transition to net-zero entails a sudden contraction of the economy in the Late Action (LA) scenario in 2031, only slowly recovering to growth by 2050. Physical risks are negligible in the EA and LA scenarios over the 2050 time horizon. Accounting only for climate policies that were in place before 2021, the No Additional Action (NAA) scenario is characterized by limited transition risks and high physical risks which start to materialize over the second half of the century.²

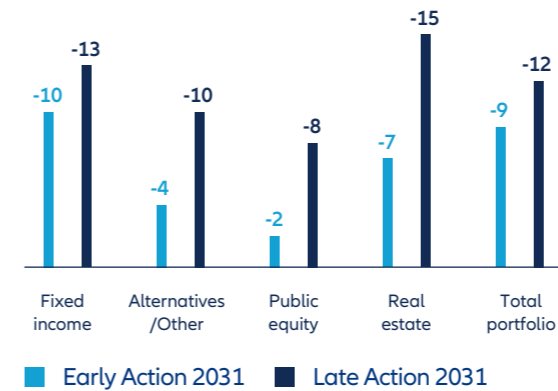
Asset allocation based on market value as of December 31st 2021



Market value loss in 2031



Market value loss in 2050



¹ Please refer to <https://www.bankofengland.co.uk/stress-testing/2021/key-elements-2021-biennial-exploratory-scenario-financial-risks-climate-change> for a detailed description of the CBES 2021 scenarios.

² Note that in the NAA scenario pathways provided by the BoE physical risks that are expected to materialize in 2050–2080 are mapped to 2020–2050, the time period used for the CBES 2021 exercise. We reverse this mapping for the purpose of our analysis, effectively moving the starting point of the NAA scenario pathways to 2050.

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We use pathways for financial and macroeconomic risk variables extending from 2020 to 2050 as provided by the Bank of England. These are expanded to adapt sectoral and regional coverage to the Allianz investment portfolio. Simple proxy models are applied for some asset classes where suitable valuation factors are missing in the scenario data. To separate the impact of climate change risk from trend growth, stress levels are assessed relative to a baseline or counterfactual scenario and hypothetical variable pathways that would be expected in the absence of transition or physical risk. Instantaneous stress on the static year end 2021 investment portfolio is assumed for the calculation of stress impacts, without adaptation or mitigation actions.

One major benefit of the CBES 2021 scenarios is their comprehensiveness. This supports ease-of-use for stress testing as compared to other scenarios. The magnitude of outcomes, however, have to be taken with a pinch of salt accounting for the crucial role of assumptions made in building the scenarios. This notably includes assumptions for the counterfactual scenario which have a critical impact on results. Under the EA scenario, overall market value losses of the investment portfolio from gradual climate policy implementation remain limited to below -2 percent in 2031. This is largely determined by muted impacts on fixed income investments, by far the largest exposure in the portfolio. In comparison, real assets suffer somewhat higher losses on a standalone basis but contribute less to overall market value losses due to a lower share in the portfolio. This picture changes when moving forward to 2050, where overall market value losses increase in the order of -10 percent. Substantially higher long-term interest

rates in 2050 relative to 2031 drive losses from fixed income investments above losses from real assets, especially affecting valuations of long-dated bonds held for liability matching purposes. Real estate prices decline further, driven by costs of energy efficiency improvements.

The disruptive onset of climate policy implementation under the LA scenario in 2031 causes a contraction of the overall economy entailing immediate market value losses of the investment portfolio of close to -10 percent. Impacts are most pronounced for real assets, where a rise in risk premia adds to direct consequences from transition policies on emissions intensive sectors. Credit spreads rise substantially for the same reason, driving losses from fixed income investments. Economic recovery by 2050 and progress made in transitioning to low-carbon production reduces market value losses for equity and alternative investments relative to 2031, whereas losses on real estate investments increase above 2031 levels, similar to the EA scenario. While credit spreads tighten by 2050, higher long-term interest rates increase losses from fixed income investments as compared to 2031, entailing about -12 percent market value losses of the overall investment portfolio.

Under the NAA scenario, the investment portfolio experiences minor market value losses of roughly -3 percent in 2050 resulting from a loss of economic production due to global warming. Substantially more severe consequences across all asset classes are predicted for late in the century.

 **For our strategic response to identified risks please see 04.4.6.**

04.4.4 Bottom-up quantitative carbon stress-test for investments

This year, we publish the results of our second assessment modeling carbon risks for our investment portfolio using a bottom-up approach. In 2020, we started with listed equity and we have now also included corporate bonds. This stress-test complements top-down approaches such as those put forward by financial markets regulators. We see merit in a model which gives us full transparency on methods and parameters, is easy to implement and gives a first understanding of the evolution of potential climate impacts on our portfolio. It also provides opportunities to cross-check external methodologies and potentially develop more elaborate models going forward.

Methods, assumptions and limitations

Our approach uses effective carbon prices as a proxy for policy intensity, e.g. actual carbon pricing, energy-related subsidies and incentives, standards for energy efficiency and emissions.

The fundamental idea is that an increase in emissions price entails a decrease in earnings at the level of individual investee companies. This decrease in earnings can be translated into a stock market value loss based on price-to-earnings multiples. The model requires assumptions, for example on cost pass-through, price elasticities and regulatory easing (either explicitly or implicitly via effective carbon prices). These are kept simple for this first version and will need to be further refined moving forwards.

Our starting point is the carbon footprint of listed equity and corporate bonds portfolios, as disclosed in section 04.6 using Scopes 1 and 2 emission figures. On this foundation, we apply carbon price shocks derived from the climate scenarios developed by the Network for Greening the Financial System (NGFS). Please note that we updated the scenarios applied for this analysis according to the latest available reference scenarios published by the NGFS in 2021.

Under the scenarios, prices materialize over the coming ten years and depend significantly on intensity of policy action and underlying scenario assumptions. The model assumes instantaneous change of effective carbon prices applied to the portfolio, with no mitigation actions.

To re-emphasize, this version of our assessment focuses on listed equity and corporate bonds impacts only. It does not account for factors like different physical asset bases and resulting lock-ins, cost pass-through abilities, price elasticities or regulatory relief. It also does not yet differentiate between Scopes 1 and 2 emissions and, importantly, it assumes companies do not respond to climate policy trends such as governmental net-zero strategies by lowering their carbon exposure. These factors will be incorporated in future more elaborate versions of the assessment. The impacts for corporate bonds rely on a high-level estimate of the statistical relationship between the movements of a corporate bond's spread and the respective issuer's equity market value.

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Results

Absolute emissions are concentrated in only a few sectors. At level 2 of NACE sector classification, for the listed equity portfolio the 10 sectors with the highest absolute emissions contribute around 82 percent to absolute owned emissions in the portfolio, but only 29 percent to AuM. Sector concentration is even a bit more pronounced in the listed corporate bond portfolio where the 10 sectors with the highest absolute emissions contribute around 84 percent to absolute financed emissions in the portfolio, but only 26 percent to AuM.

Consistent with analyses disclosed in previous years and with the scoping of this approach, our listed equity and corporate bonds portfolios show – within the current modeling framework and its limitations – sensitivities in those sectors.

Over the 2031 time horizon, the overall sensitivity of the listed equity portfolio stays contained in the ‘Below 2°C’ scenario, with market value losses between 2.5 percent to 4 percent depending on climate-economic model. The consequences of more stringent policy reaction and faster technology change are reflected in higher sensitivities under the 1.5°C-aligned ‘Net-Zero 2050’ and ‘Divergent Net-Zero’ scenarios, where market value losses go up to 9 percent to 11 percent in the disorderly ‘Divergent Net-Zero’ scenario. The carbon price sensitivity in the ‘Delayed transition’ scenario is still muted relative to other scenarios due to delayed policy action setting in only after 2030.

In addition to high emitting sectors and issuers, duration is another main driver of the carbon price sensitivity of the listed corporate bonds portfolio. The overall sensitivity is around two times lower as compared to listed equity, with market value losses going up to 4.0 percent to 4.5 percent under the most onerous disorderly ‘Divergent Net-Zero’ scenario. This is mainly owing to the limited co-movement of corporate bond spreads and equity returns observed in historical timeseries data which is used in the model to translate sensitivities for listed equity into sensitivities for listed corporate bonds.

From 2020 to 2021, the numbers substantially decreased as our equity and corporate bonds portfolio carbon footprint reduced, see section 05.6. Looking ahead to 2050, in the absence of adaptation or mitigation actions maximum carbon price sensitivities under the ‘Divergent Net-Zero’ scenario could almost triple as compared to 2031.

Being aware of the limitations of our approach, the results are still leading us to the right follow-up questions to understand how carbon price increases can affect different sectors and which parameters of individual investee companies will lead to a non-uniform development inside a given sector as not all will be affected equally. This holds especially true as major carbon emitters are often exempted from carbon pricing schemes due to carbon leakage risks.

Our strategic response to carbon risks is our long-term commitment to our intermediary portfolio targets made as part of the U.N.-convened Net-Zero AOA. See section 04.4.6 for further details.

Carbon price sensitivity of the Allianz listed equity portfolio for effective carbon prices projected for 2031.

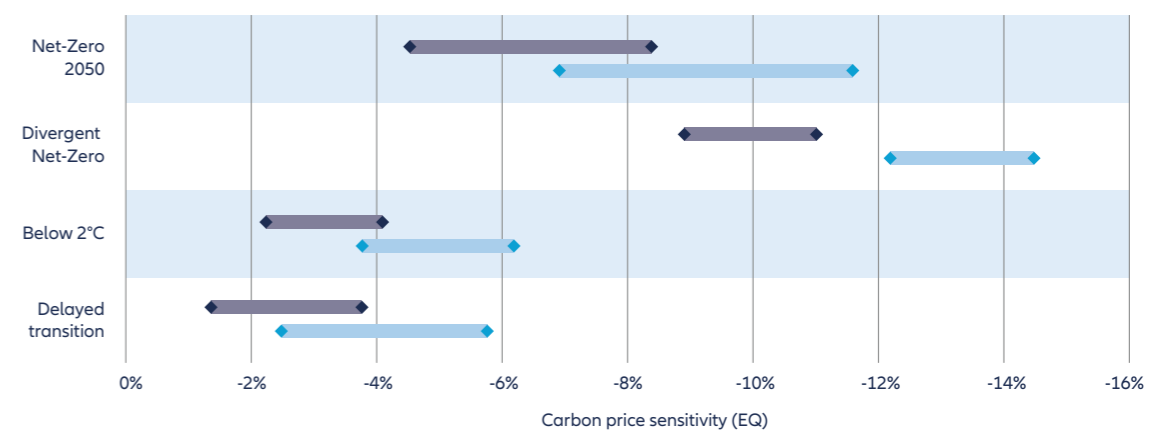


Figure 1 Carbon price sensitivity of the Allianz listed equity portfolio for effective carbon prices projected for 2031.

Carbon price sensitivity of the Allianz corporate bonds portfolio for effective carbon prices projected for 2031.

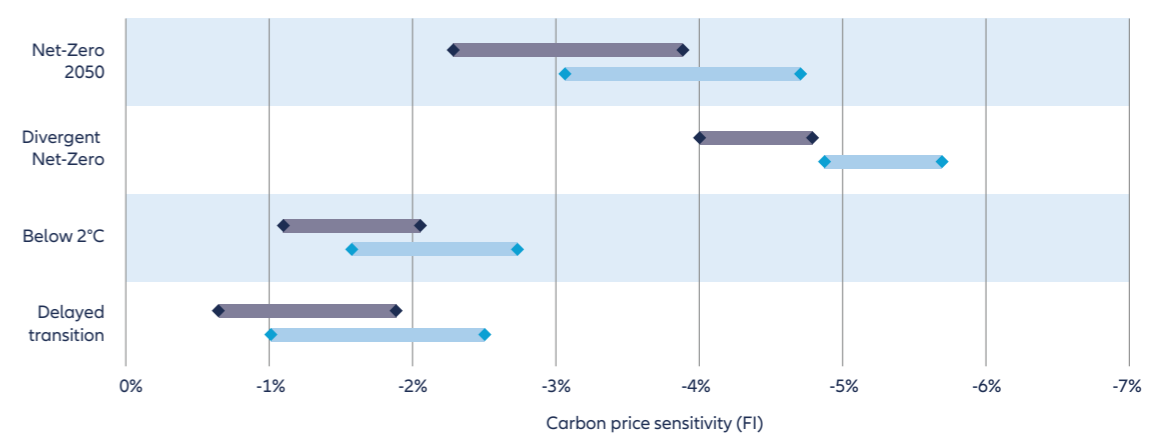


Figure 2 Carbon price sensitivity of the Allianz corporate bonds portfolio for effective carbon prices projected for 2031.

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04.4.5 Bottom-up quantitative physical risk analysis for P&C insurance

To be able to assess physical climate risk exposure for investments and insurance, Allianz Reinsurance has initiated the Allianz Climate Change Risk Score (ACCRiS) project. The project will allow Allianz to understand the physical climate change risk at single location for a number of perils under a variety of climate scenarios and time horizons.¹

Methods, assumptions and limitations

Integration of climate model data into the existing Allianz global hazard layers provides the basis for the tool. The available outputs are hazard, risk and financial impact metrics for current and future climate. For the estimation of risk under climate change, numerous climate model outputs are used for each peril, climate change scenario and time horizon combination, allowing for the accounting of the uncertainty in the predictions.

Results of the first two perils provided to the business were inland flood and tropical cyclone. The climate change risk for the key insurance portfolios exposed to either peril was analyzed. An estimation of the impacts of climate change for inland flood and tropical cyclone, including identification of risk clusters, under the RCP 4.5 and RCP 8.5 scenarios in 2030 and 2050 was made for each individual policy for tens of millions of insured objects.

Results

For inland flood, portfolios from 24 Allianz P&C Insurance operating entities were analyzed. There is a clear trend that inland flood risk will increase for the entire Allianz portfolio, with higher emissions scenarios having a larger impact. Locations in Western Europe were identified as driving the increasing risk. On an individual Allianz operating entity basis, the trends can differ, with entities in Mediterranean climates exhibiting decreasing or stable flood risk due to more extreme and prolonged droughts. However, there are large uncertainties in the level of increase of inland flood risk across the different climate models. There are opportunities to reduce flood risk under climate change, which are not directly reflected in the analysis. For example, Allianz can educate customers to make them more flood-resilient, governments can improve flood defenses, and the construction industry can select the flood resilient building materials and designs for high risk locations.

For tropical cyclones, North America and Australia were analyzed. In general, climate change is expected to amplify the tail risk due to an increase in the frequency of high-intensity tropical cyclones. Regions with historically low risk will see a higher frequency of tropical cyclones (northern US Atlantic coast and southern Australian east coast). While the difference between emission scenarios is low in the short-term up to 2030, opposing influences and limitations in the ability of climate models to simulate tropical cyclones makes projections in the second half of the century increasingly uncertain.

Outlook

Outcomes from this analysis are to inform a forward-looking view on the risk-adequate price for Allianz P&C insurance entities. By the end of

2022, additional perils and climate scenarios (including RCP 2.6) will be finalized and analyzed for the insurance and investment portfolios to ensure a truly Allianz view of physical climate change risk.

Allianz climate change risk scores applied to real estate

For the proprietary investment portfolio, a pilot study was conducted applying the ACCRiS method introduced in section 04.4.5 for the estimation of flood climate change risk to the Allianz Real Estate global direct portfolio.

For every real estate location, the impact of all perils was analyzed under current climate. For the most relevant peril – inland flood – an estimation of the impacts of climate change, including identification of risk clusters under the RCP 4.5 and RCP 8.5 scenarios in 2030 and 2050, was made.

The analysis found that most properties are not located in high-risk floodplains but there is a clear trend that inland flood risk will increase with higher emissions scenarios for those investments most at risk of inland flooding. Locations in Western Europe were identified as driving the increasing risk, where there is a noticeable difference in frequency of flooding if we compare the current climate to 2030/2050.

Risk Score	Current Climate	RCP 4.5		RCP 8.5	
		2030	2050	2030	2050
Low	68%	68%	68%	68%	68%
Medium	4%	3%	3%	2%	2%
High	12%	10%	10%	10%	9%
Very high	16%	20%	19%	20%	21%

Table: Inland Flood Risk Score of Allianz Real Estate direct investments under influences of climate change

Outcomes from the pilot project enable informed investment decision making processes, optimizing future portfolio allocations accounting for climate change, and identification of asset locations where adaptation measures should be evaluated to ensure minimal impacts of flood events. By the end of 2022, we expect to add additional perils and analyze other kinds of investments (e.g. infrastructure).

¹ Two perils, inland flood and tropical cyclone are already implemented and assessment of physical climate change risk for every single global location can be provided. Next perils to be implemented are: hail and coastal flood, additional perils to come in line with business requirements. Scenarios used are RCPs 2.6, 4.5, and 8.5. RCPs are scenarios that describe alternative trajectories for greenhouse gas emissions and the resulting atmospheric concentration from 2000 to 2100. The scenarios are based on different assumptions about population, economic growth, energy consumption and sources, and land use over this century. The scenarios are named after the level of 'radiative forcing' that each scenario produces (measured in Watts per square meter).

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04.4.6 Strategic response to identified carbon risks

The impacts of transition risk scenarios on the investment portfolio discussed in sections 04.4.1, 04.4.3, and 04.4.4 appear to be manageable considering both the magnitude of predicted losses and the time horizon over which they materialize. Extending this analysis to a full balance sheet view, including mitigating effects from insurance liabilities, would further support this assessment – for example accounting for the offsetting of fixed-income losses from increasing long-term interest rates by lower long-term liabilities from life insurance under the EA and LA CBES scenarios. Moreover, the investment portfolio will not remain static. Instead inter- and intra-sector asset allocation will be adapted dynamically to limit the identified transition risk exposure. Effective mitigation, however, requires long-term action to align the portfolio with policy targets.

Reports like the U.N. Emission Gap Report show that the world is currently on a 2.7°C pathway meaning decisive and credible measures from all groups of actors are needed urgently. Our strategic response to carbon risks is our long-term commitment to decarbonize our investment and insurance portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures.

As founding member to the U.N.-convened Net-Zero (AOA), we have set intermediary investment portfolio targets. The work of the AOA is done in collaboration and with a collective ambition, bringing together global investors, leading civil society, academia, and the leadership of the U.N. The AOA remains the first and only group of financial sector global players to set 2025 interim targets across four areas: sub-portfolio targets (at asset class level); sector targets; engagement targets and financing targets. The purpose of these targets is to drive decarbonization of real economy towards 1.5°C. (see section 04.6.1 on investment portfolio targets). With regard to target implementation, both the top-down and bottom-up approaches for investments included in this report support our view that sector pathways such as those being developed in the Glasgow Financial Alliance for Net-Zero and assessing companies transition plans along these pathways is the way to go as we want to finance the transition and not divest from high emitting sectors.

While increasing the resilience of our portfolio against the transition risks, for example as exemplified in the EA and LA CBES scenarios over the short- to mid-term in section 04.4.3, our decarbonization strategy also contributes to limiting the physical risks showcased in the NAA CBES scenario, which may materialize in our portfolio over the long-term.

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The risks and opportunities posed by climate change require the use and regular review of our comprehensive framework to ensure it is properly addressed and applied.

04.5.1 Overarching risk governance

Climate change risks and adaptation to the resulting impacts have been integral to our risk management process for many years and our approach continues to improve. All processes and rules are codified in the Allianz Standards and Functional Rules. Compliance with these rules is mandatory. Our risk management and adaptation processes and rules cover all insurance and underwriting-specific processes.

Climate risks are addressed as part of an overarching qualitative and quantitative risk reporting and controlling framework:

- As a general principle, responsibility for the 'First Line of Defense' rests with business managers in the related Allianz Group undertaking. They are responsible for the risks taken and the returns from their decisions.
- The 'Second Line of Defense' consists of independent global oversight functions – Risk, Actuarial, Compliance and Legal. These support the Group Board of Management in defining the risk frameworks within which the business can operate.

- Group Audit forms the 'Third Line of Defense', independently and regularly reviewing risk governance implementation and compliance with risk principles, performing quality reviews of risk processes, and testing adherence to business standards, including the internal control framework.

Early warning indicators are monitored and regularly reported to senior management through risk dashboards, risk capital allocation and limit consumption reports to identify when climate aspects become material. Supplemented by quarterly updates, senior management decides the risk management strategy and related actions.

A key tool is the Allianz Risk Capital Model which assesses natural catastrophe events for the upcoming year on subsidiary and Group level. Another important instrument is the yearly Top Risk Assessment which helps to identify and remediate significant threats to financial results, operational viability, reputation and delivery of strategic objectives, regardless of whether they can be quantified or not. This includes immediate risks for the company and emerging risks which may arise from technological developments, new or changing environmental risks and socio-demographic changes. Climate-related factors are included in Top Risk Assessments which are conducted at both operating entity and Group level. Relevant emerging risks are discussed by the Group Finance and Risk Committee or the Group Underwriting Committee. Following that, underwriting opportunities or mitigation measures are implemented where necessary.

For more details on these risk management processes please see the Risk and Opportunity Report on pages 97 – 115 of the Allianz Group Annual Report 2021.

04.5.2 Natural catastrophe risk governance

The Group-wide risk management framework is applicable to Natural Catastrophes (Nat Cat). Very specific processes and rules apply to the management of Nat Cat risks due to the significance of relevance and potential exposure.

Main risk management processes covering physical climate change adaptation include pricing risks, portfolio management, exposure and risk management, risk consulting, claims handling and governance.

Each operating entity is responsible for controlling its exposure to individual catastrophes and for defining local reinsurance requirements based on local risk appetite and capital position. The respective cover is provided by Allianz SE or one of its subsidiaries.

At Group level, the Board of Management reviews and approves the risk appetite. The reinsurance division is responsible for designing and implementing Group catastrophe protections within given exposure limits. These covers take various forms and aim to protect the Group against excessive losses from major natural catastrophes. We measure, monitor and steer risk based on an approved internal model which quantifies the potential adverse development of own funds. All relevant P&C insurance and reinsurance portfolios are considered.

We use special Nat Cat modeling techniques which combine portfolio data (e.g. geographic location, characteristics of insured objects and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses. Where such models do not exist, we use deterministic, scenario-based approaches to estimate potential losses.

Experts at Allianz Reinsurance – including meteorologists, hydrologists, geophysicists, geographers and mathematicians – model around 50 Nat Cat scenarios for Allianz Group. Data is captured using best-in-class standards to map a range of perils and regions. In past years, these were used to conduct stress-tests for floods in Germany as well as wildfires in the U.S. and Australia. The results provide the basis for group-wide risk monitoring, risk limits and subsequent business decisions. The top three perils contributing to Nat Cat risk for Allianz Group in the past four years were windstorms in Europe, floods in Germany and earthquakes in Australia.

We also conduct selected stress-scenario analysis on Nat Cat risks like hail or windstorms to be used in risk steering. Nat Cat models are regularly updated according to the latest scientific information. We are continuously improving the inclusion of global Nat Cat hazard information, including climate, into underwriting decisions.

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04.5.3 Climate and sustainability-related risk governance

In addition to addressing climate-related risks as part of our overarching qualitative and quantitative reporting and controlling framework, a variety of comprehensive policies and processes foster integration of climate-related risks and opportunities.

The Allianz sustainability approach integrates climate- and sustainability-related considerations by applying Group-wide corporate rules and sustainability instruments across all underwriting and investment activities. This includes the Allianz ESG Functional Rule for Investments and the Allianz Standard for Reputational Risk and Issues Management which establish a core set of principles and processes for the management of reputational risks and sustainability issues within the Group.

All rules and standards are regularly updated to reflect newest insights and external developments. The publicly-available third edition of the Allianz ESG Integration Framework increases transparency around internal processes and guidelines related to our sustainability approach. We also rely on external providers for data related to climate, sustainability and reputational risks.

As an additional layer, the Climate Integration team within Global Sustainability and the sustainability Task Forces ensure the early identification, measurement and business integration of risks and opportunities arising from physical climate change and the low-carbon transition. Examples include regulatory

activity around climate change and sustainable finance, integration of sustainability and climate considerations in business processes, and dedicated projects. Substantial topics are channeled to the Sustainability Board to inform strategic decision-making.

Risk and opportunity considerations are supplemented by additional processes including:

- The annual Allianz Risk Barometer produced by Allianz Global Corporate & Specialty. This is a survey of corporate clients, brokers, industry trade organizations, risk consultants, underwriters, senior managers and claims experts, in total collecting more than 2,650 responses from 89 countries and 22 industry sectors. Climate change is ranked sixth. It is also linked to Nat Cat risks in third position, as a key risk to property business, and gains increasing importance in shaping emission-intensive industries in terms of transition risks. Business interruption is ranked second highest, behind cyber incidents, with potential triggers found in climate-related events.

You can access the full Risk Barometer here.

- The Global Claims Review analyzes more than 470,000 claims in over 200 countries and territories. The latest Review from 2019 found windstorms as the only Nat Cat event to appear in the top 10 causes of loss. Natural catastrophes account for five percent of claims in number and 13 percent of total value of all claims. It represents some of the largest exposures to energy as well as property and engineering segments. Environmental and climate change-related liability issues are seen to potentially increase in future.

- Our partnership and memberships as described in section 05.3 facilitate early risk detection as well as access to industry discussions and best practice.
- Our regular materiality assessment ranks emerging sustainability and climate issues and opportunities according to their importance for our business and our stakeholders. See section 05.3.
- Ongoing dialogue with internationally recognized non-governmental organizations (NGOs) provides ad hoc and scheduled exchanges on sustainability matters. The NGO dialogue is a forum for direct exchange of ideas and points of view designed to leverage NGO's expertise on climate and sustainability matters to support the development and implementation of internal policies, programs and plans. Allianz listens to the concerns of NGO partners and discusses potential solutions to address these concerns.
- Ongoing dialogues with policymakers, regulators and academia on key economic, governmental, environmental and societal issues, including climate change, to anticipate arising developments and share opinions, knowledge and best practice.

For proprietary investments, the ESG Functional Rule for Investments provides the foundation for integrating climate-related issues.

For more details on our activities as a sustainable insurer and investors, see sections 02.1 and 02.2.

04.5.4 Risk management processes

Methods of adaptation to climate change risks form part of our overall risk management approach and apply to the whole value chain of our insurance operations, covering all business segments, lines of business, new business and in-force business. Relevance of climate change impact and need for adaptation vary across our portfolios.

Insurance-related processes

Product development, risk models and tariff calculations reflect expected claims from natural catastrophes, especially in Property, Engineering and Motor insurance. In risk segments and lines of business where significant impact from climate change cannot yet be observed, risk patterns and their development are monitored closely (e.g. liability). Coverages and terms and conditions are designed with respect to changing risk patterns, taking all relevant developments into account. Terms and conditions and tariffs provide incentives for customers to protect the insured assets against natural hazards and other climate-related risks, where relevant.

In distribution, consulting and advising customers on their risks, based on a thorough individual risk assessment, is an integral part of our sales strategy in retail and commercial business. For our commercial business, the sales organization is supported by underwriters and risk engineers who provide specific advice to customers on protection and adaptation measures against all types of risk, especially Nat Cat and other climate change-related risks.

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In underwriting, a thorough rules-based risk assessment is performed prior to any underwriting decision, either automated (mostly in retail business) or individually (mostly in commercial business). Risk information is captured and stored in our database and linked to all relevant business processes. For Nat Cats, our Group Global Geographic Information System (GIS) combines single risk information with global natural hazard maps. This is key to managing risk exposure and accumulation risk. We have established a limit system for each Nat Cat loss type at all levels of the organization, including Nat Cat limits at Group and operating entity levels. In the commercial business, underwriters and risk engineers consult and advise customers on prevention measures and support them in adapting to changing risk patterns. Our re-insurance structure protects our capital base against volatility and impact beyond defined thresholds.

In portfolio management, regular performance assessments are conducted by operating entities and at least twice per year for all relevant portfolios together with the responsible Group Center of Allianz SE. Any departure from projected plans – including claims frequency and severity – is identified and action immediately taken. As our policies are renewed on a yearly basis, actions can be implemented annually if necessary. Adaptation measures with regards to climate change risks comprise re-pricing actions, deductibles, changes in terms and conditions and even cancellation of policies where a sufficient premium for the risk cannot be obtained.

For further details, please refer to the Risk and Opportunity report page 97 to 115 of our Group Annual Report 2021.

Investment-related processes

Comprehensive climate risk management processes cover all major asset classes:

- Climate scenarios are analyzed by inter-departmental teams under the joint lead of the AIM Risk and Investment Analytics and AIM ESG teams.
- Both physical and transition risks are assessed based to a large extent on quantitative KPIs, making use of the climate stress-tests discussed.
- Risks are actively managed for the total portfolio, supported by our ESG-scoring approach (see section 02.2).
- On physical risks, we seek to identify potential impacts on physical assets we own, as well as impacts on client or investee level and associated portfolios (see section 04.4.5).
- Maintaining active dialogue with asset managers and investee companies on climate strategies integrates into risk management framework.

Measures to manage our risks are based on two major levers:

1. Adapt asset allocation:

- Shift volumes towards zero carbon assets (mid-term).
- Increase exposure to companies leading the transition (all sectors).
- Increase of blended finance volumes.
- Reduce exposure to climate laggards per sector.
- Fossil fuel policy.

2. Enhance climate change readiness of existing assets:

- Broad engagement, bilateral dialogue and participation in global initiatives like CA100+ or IIGCC.
- Real Estate: Steer and align real estate portfolio with CRREM pathways (1.5°C pathway).
- Reduce emissions in line with IPCC pathways for infrastructure portfolio.
- For physical assets with direct material ownership like real estate and infrastructure, dedicated asset-level adaptation plans are implemented based on thorough location-sharp physical risk assessments.
- The Allianz Climate Change Risk Score (ACCRiS) tool (see section 04.4.5) will be used for new acquisitions and for portfolio assessment.
- The energy sector is covered by the AOA-related sector targets for Utilities and Oil and Gas.
- Dedicated asset manager engagement is in place.

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Our support for the low-carbon transition is steered by our commitment to set science-based emission reduction targets and reach net-zero emissions by 2050 in our business operations and proprietary investment portfolio in line with the Paris Agreement’s target of limiting global warming to 1.5°C.

04.6.1 Climate-related targets

Allianz investment portfolio targets, as part of Asset Owner Alliance

Target layer	Measure	Base year (2019)	Current year (2021)	Target year (2024)	Description
Sub-portfolio Listed Equity	-25 % absolute owned GHG emissions, Scopes 1 and 2	24.9mn t of CO ₂ e ¹	18.7 mn t CO ₂ e	18.7mn t of CO ₂ e	
Sub-portfolio Corporate Bonds					
Sub-portfolio Real Estate	<ul style="list-style-type: none"> Fully owned real estate portfolio aligned with 1.5 degree pathways of CRREM² Reach 52.2 kgCO₂e/sqm² 	67.5 kgCO ₂ e/sqm	n/a ^{3*}	52.2 kgCO ₂ e/sqm	
Sub-portfolio Infrastructure	<ul style="list-style-type: none"> Full transparency on financed emissions latest by 2023 for all investments For direct equity investments an absolute carbon reduction of -28 % by year-end 2025 (base year 2020) New direct (equity and debt) investments in high emitting assets only in case a 1.5°C aligned decarbonization plans in place Phase in of net-zero targets for new fund investments by year-end 2024 	n/a [*]	n/a [*]	n/a [*]	
Sector Utilities	<ul style="list-style-type: none"> Coal phase out in line with 1.5°C pathway Increase direct and indirect exposure to renewable energy by 5.85 % per year (IRENA⁴ global pathway) 	n/a	n/a [*]	increase by 5.85% annually	Indirect
		€ 2.9 bn	€ 3.14 bn	€ 3.9 bn	Direct – debt renewables
		€ 4.3 bn	€ 3.88 bn	€ 5.7 bn	Direct – equity renewables
Sector Oil and Gas	<ul style="list-style-type: none"> Scopes 1 and 2 20 kgCO₂e/boe⁵ in line with OGCI⁶ 50 % of AuM to set net-zero by 2050 targets for Scope 1 and 2 greenhouse gas emissions 	n/a [*]	n/a [*]	20 kgCO ₂ e/boe	Scopes 1 and 2 upstream GHG emissions intensity
		~40 %	n/a [*]	~50%	Share of AuM with net-zero 2050 target for Scopes 1 and 2 emissions
Engagement	<ul style="list-style-type: none"> Engagement coverage of at least Top 30 (non-aligned) emitters in portfolio. Top 30 means new engagement with 8 companies, others are covered by existing bilateral or collaborative engagements already Full participation in all available AOA organized sector and asset manager engagements Increase overall engagement activities by at least 100 % 				
Financing Transition	<ul style="list-style-type: none"> 4 to 5 new blended finance vehicles Climate-positive solutions: Start investing into Forestry, Hydrogen and other 	<p>Blended Finance: 2020: Africa Grow 2021: Emerging Market Climate Action Fund</p> <p>Climate-positive solutions: 2021: Investment in BTG Core US Timberland Fund</p>			

1 CO₂e refers to carbon dioxide equivalent, which includes CO₂ and other greenhouse gases.
 2 CRREM: Carbon Risk Real Estate Monitor.
 3* Where n/a is displayed most recent and/or comprehensive data is not yet available.

4 IRENA: The International Renewables Agency is an intergovernmental organization supporting countries in their transition to a sustainable energy future.
 5 BOE: barrel of oil equivalent.
 6 OGCI: Oil & Gas Climate Initiative; a CEO-led consortium of industry leading O&G companies.

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04.6.2 Climate-related metrics

We use a variety of indicators across different lines of business to monitor, assess and steer climate-related aspects of the economy. A detailed list of sustainability-related KPIs can be found in section 05.

Investment portfolio composition

On the investment side, it is helpful to contextualize, for instance, our commitment to the AOA with mainstream financial information like the spread across different asset classes, jurisdictions and sectors.

More information can be found in the 2021 Annual Report financial supplement and the corresponding analyst presentation here

Carbon footprint methodology

We disclose carbon footprint information of our listed equity and corporate bonds portfolio. We provide both general portfolio indicators and emission-related indicators. We expect to enhance this disclosure in upcoming reporting cycles in light of the expansion of asset classes covered by our AOA commitment, i.e. real estate, infrastructure and sovereign bonds.

Methodology and Scope

The portfolio carbon footprint for listed equity and corporate bonds is calculated based on the following measures for Scopes 1 and 2 emissions in line with the GHG Protocol. The required data is sourced from MSCI and Refinitiv.

Variables

- I_i Allianz's investment in issuer i in Euro
- Q Allianz's total portfolio market value in Euro
- V_i Enterprise value incl. cash of issuer i in Euro
- Y_i Sales/revenues of issuer i in Euro
- m_i GHG emissions of issuer i in t CO₂e
- F_a Absolute portfolio carbon footprint of Allianz's listed equity and corporate bond portfolio in t CO₂e
- F_r Relative portfolio carbon footprint of Allianz's listed equity and corporate bond portfolio in t CO₂e per Euro invested
- F_w Portfolio weighted average carbon intensity per revenue
- w_i Weight of issuer i in Allianz portfolio (I_i/Q)

Enterprise value including cash (V) is defined as the sum of the market capitalization of common stock at fiscal year-end, the market capitalization of preferred equity at fiscal year-end, and the book values of total debt and minorities' interests without the deduction of cash and cash equivalents held by the enterprise.

Due to regulatory requirements, we changed the calculation approach for our portfolio carbon footprint as of 2021. The new methodology is described above and 2019 and 2020 figures have been restated accordingly.

Absolute portfolio carbon footprint:

$$F_a = \sum_{i=1}^n \frac{I_i}{V_i} \cdot m_i$$

Relative portfolio carbon footprint (i.e. portfolio carbon footprint per Euro invested):

$$F_r = \frac{F_a}{Q}$$

Weighted average carbon intensity (i.e. portfolio weighted average carbon intensity per revenue):

$$F_w = \sum_{i=1}^n w_i \cdot \frac{m_i}{Y_i}$$

The emission data represents the latest data we have as of March of this year. In case of this year's report, this means that emission data is largely comprised of data from FY 2020, as FY 2021 data will only be made available by investees in the first half of 2022.

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Investment portfolio carbon footprint

Both our listed equity and corporate bonds portfolio have undergone considerable changes in the two past years, characterized by the economic impacts of the COVID-19 pandemic and the first impacts of our portfolio steering towards the climate targets.

Since 2019, we achieved a reduction of absolute emissions of almost 25 percent. This was driven by four major factors: a COVID-19 effect on emissions, change in company valuation which impacts the denominator, portfolio changes, and structural emission reductions of our investee companies. The latter is the real-economy change we are seeking and it contributes significantly to the emissions reductions we observed.

Our absolute carbon footprint may rebound next year to a certain extent, but what is important for us is that the underlying structural trend is intact and enables to achieve our target in 2025.

Sectorally, considerable shares of our equity and bond portfolios are invested in manufacturing companies. The absolute emissions of manufacturing make up 45 percent of our emissions in both asset classes. Therefore, we also display NACE level 2 sectors for manufacturing to further disaggregate the sector figures.

The past two years showed why we believe that both absolute and relative indicators are necessary to measure the carbon performance of portfolios. Relative indicators are sensitive to changes in either direction in both company valuation and company sales, whereas absolute emissions are sensitive to strategic asset allocation shifts.

It should also be noted that our current emission Scope is 1 and 2 and does not consider emissions in the wider value chain of investees, which can be significant for many sectors. While data quality for Scope 3 emissions is still low, there is merit in sector-specific Scope 3 indicators and data to determine if companies and their products are on a pathway consistent with our 1.5°C ambition. We are working to develop these indicators also as part of our work with the AOA. We are also calling for harmonized carbon disclosure requirements across all three scopes of greenhouse gas emissions (see section 04.3.3).

Please note that figures for financial year 2020 have been restated due to a change in methodology.

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Table TCFD-1

Listed equity portfolio indicators

Indicator	Unit	2021	2020 ¹	Δ y-o-y
Equities, Portfolio AuM	€ bn	40.8	32.5	25.6 %
Equities, Share of total AuM	%	5.0	4.0	-1.0 %-p
Equities, Absolute emissions	mn t CO ₂	2.3	2.2	3.2 %
Equities, Relative emissions	t CO ₂ / mn € invested	55.7	67.5	-17.5 %
Equities, Weighted average carbon intensity	t CO ₂ / mn € sales	134.0	143.7	-6.7 %
Equities, Emissions data coverage	%	97.0	97.0	0.0 %-p

Table TCFD-2

Sectoral listed equity portfolio indicators

Indicator	Unit	2021	2020 ¹	Δ y-o-y
Total AuM in 4 sectors with highest owned absolute emissions	€ bn	21.6	16.9	27.2 %
Absolute Emissions of 4 sectors with highest owned absolute emissions	mn t CO ₂ e	2.0	2.0	1.5 %
Number of issuers in 4 sectors with highest owned absolute emissions		2,053	2,041	0.6 %
Under Engagement by Climate Action 100+		112	118	-6
Split of sectors with highest owned absolute emissions in equities portfolio ²	Unit	2021	2020 ¹	Δ y-o-y
Manufacturing				
sector total AuM	€ bn	19.3	14.8	30.2 %
share of equity AuM	%	47.0	46.0	-1.0 %-p
absolute emissions	mn t CO ₂ e	1.6	1.5	7.4 %
relative emissions	t CO ₂ e/€ mn invested	82.6	99.6	-17.0 %
Weighted average carbon intensity	t CO ₂ e/€ mn sales	74.7	78.2	-4.5 %
Manufacture of other non-metallic mineral products				
Manufacture of other non-metallic mineral products sector total AuM	€ bn	0.7	0.5	39.1 %
Manufacture of other non-metallic mineral products absolute emissions	mn t CO ₂ e	0.2	0.4	-40.7 %
Manufacture of other non-metallic mineral products relative emissions	t CO ₂ e/€ mn invested	355.5	828.6	-57.1 %
Manufacture of other non-metallic mineral products Weighted average carbon intensity	t CO ₂ e/€ mn sales	22.7	38.5	-41.1 %
Manufacture of basic metals				
Manufacture of basic metals sector total AuM	€ bn	0.2	0.1	56.1 %
Manufacture of basic metals absolute emissions	mn t CO ₂ e	0.5	0.3	53.7 %
Manufacture of basic metals relative emissions	t CO ₂ e/€ mn invested	2.7	2.8	-1.8 %
Manufacture of basic metals Weighted average carbon intensity	t CO ₂ e/€ mn sales	7.7	8.1	-4.4 %

1 The number of issuers in 5 sectors with highest owned absolute emissions in equities portfolio increased significantly compared to previous year reporting, mainly due to the generation of carbon footprint report using the NACE sector. Moreover, a considerable share of equity portfolio is invested in manufacturing sector, resulting in large numbers of issuers in scope.

2 These four NACE level 1 sectors comprise the majority of our listed equity absolute owned emissions. We decided to further break down the manufacturing sector to the most impacted NACE level 2 sectors as it alone accounts for a material part of the emissions.

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Table TCFD-2

Sectoral listed equity portfolio indicators continued

Indicator	Unit	2021	2020 ¹	Δ y-o-y	
Manufacturing Manufacture of coke and refined petroleum products	Manufacture of coke and refined petroleum products sector total AuM	€ bn	0.9	0.7	34.5 %
	Manufacture of coke and refined petroleum products absolute emissions	mn t CO ₂ e	0.3	0.3	19.0 %
	Manufacture of coke and refined petroleum products relative emissions	t CO ₂ e/€ mn invested	327.7	369.8	-11.4 %
	Manufacture of coke and refined petroleum products weighted average carbon intensity	t CO ₂ e/€ mn sales	23.6	22.7	4.0 %
Manufacture of chemicals and chemical products	Manufacture of chemicals and chemical products sector total AuM	€ bn	1.9	1.5	23.4 %
	Manufacture of chemicals and chemical products absolute emissions	mn t CO ₂ e	0.3	0.3	5.9 %
	Manufacture of chemicals and chemical products relative emissions	t CO ₂ e/€ mn invested	152.6	177.7	-14.1 %
	Manufacture of chemicals and chemical products Weighted average carbon intensity	t CO ₂ e/€ mn sales	44.2	46.7	-5.3 %
Electricity, gas, steam and air conditioning supply	Electricity, gas, steam and air conditioning supply sector total AuM	€ bn	0.9	1.0	5.9 %
	Electricity, gas, steam and air conditioning supply sector share of equity AuM	%	2.0	3.0	-1.0 %-p
	Electricity, gas, steam and air conditioning supply sector absolute emissions	mn t CO ₂ e	0.2	0.2	-6.8 %
	Electricity, gas, steam and air conditioning supply sector relative emissions	t CO ₂ e/€ mn invested	247.1	249.4	-0.9 %
	Electricity, gas, steam and air conditioning supply weighted average carbon intensity	t CO ₂ e/€ mn sales	17.8	23.2	-23.2 %
Mining and quarrying	Mining and quarrying sector total AuM	€ bn	0.7	0.7	0.0 %-p
	Mining and quarrying sector share of equity AuM	%	2.0	2.0	0.0 %-p
	Mining and quarrying sector absolute emissions	mn t CO ₂ e	0.2	0.2	-6.3 %
	Mining and quarrying sector relative emissions	t CO ₂ e/€ mn invested	251.4	280.3	-10.3 %
	Mining and quarrying weighted average carbon intensity	t CO ₂ e/€ mn sales	12.2	15.2	-20.0 %
Transportation and storage	Transportation and storage sector total AuM	€ bn	0.6	0.4	35.7 %
	Transportation and storage sector share of equity AuM	%	1.0	1.0	0.0 %-p
	Transportation and storage sector absolute emissions	mn t CO ₂ e	0.1	0.1	3.0 %
	Transportation and storage sector relative emissions	t CO ₂ e/€ mn invested	115.0	150.9	-23.8 %
	Transportation and storage weighted average carbon intensity	t CO ₂ e/€ mn sales	5.9	7.6	-22.4 %

¹ The number of issuers in 5 sectors with highest owned absolute emissions in equities portfolio increased significantly compared to previous year reporting, mainly due to the generation of carbon footprint report using the NACE sector. Moreover, a considerable share of equity portfolio is invested in manufacturing sector, resulting in large numbers of issuers in scope.

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Regional listed equity portfolio indicators

Region		Unit	2021	2020	Delta in %
Europe	Europe Region total AuM	€ bn	20.1	15.6	28.6 %
	Europe Region Absolute emissions	mn t CO ₂ e	1.4	1.2	17.1 %
	Europe Region Relative emissions	t CO ₂ e/€ mn invested	34.4	36.9	-6.8 %
	Europe Region weighted average carbon intensity	t CO ₂ e/€ mn sales	62.7	69.4	-9.6 %
North America	North America total AuM	€ bn	9.5	7.5	27.2 %
	North America Absolute emissions	mn t CO ₂ e	0.3	0.3	-2.5 %
	North America Relative emissions	t CO ₂ e/€ mn invested	6.6	8.4	-22.4 %
	North America weighted average carbon intensity	t CO ₂ e/€ mn sales	35.8	26.4	35.4 %
Asia/Pacific	Asia/Pacific Region total AuM	€ bn	6.5	5.6	15.5 %
	Asia/Pacific Region Absolute emissions	mn t CO ₂ e	0.3	0.4	-24.4 %
	Asia/Pacific Region Relative emissions	t CO ₂ e/€ mn invested	6.7	11.1	-39.8 %
	Asia/Pacific Region weighted average carbon intensity	t CO ₂ e/€ mn sales	16.4	25.2	-34.8 %
Emerging Markets	Emerging Markets Region total AuM	€ bn	4.7	3.7	25.6 %
	Emerging Markets Region Absolute emissions	mn t CO ₂ e	0.3	0.4	-8.9 %
	Emerging Markets Region Relative emissions	t CO ₂ e/€ mn invested	8.0	11.1	-27.5 %
	Emerging Markets Region weighted average carbon intensity	t CO ₂ e/€ mn sales	19.1	22.7	-15.6 %

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Corporate bonds portfolio indicators

Indicator	Unit	2021	2020	Δ y-o-y
Corporate bonds portfolio AuM	€ bn	197.6	192.2	2.8 %
Corporate bonds share of total AuM	%	31.0	31.0	0.0 %-p
Corporate bonds absolute emissions	mn t CO ₂	16.4	20.0	-17.6 %
Corporate bonds relative emissions	t CO ₂ / mn € invested	83.2	103.8	-19.9 %
Corporate bonds weighted average carbon intensity	t CO ₂ / mn € sales	190.4	208.2	-8.6 %
Corporate bonds emissions data coverage	%	73.0	74.0	-1.0 %-p
Sectoral corporate bonds portfolio indicators	Unit	2021	2020	Δ y-o-y
Total AuM in 4 sectors with highest owned absolute emissions	€ bn	84.3	85.6	-1.6 %
Absolute Emissions of 4 sectors with highest owned absolute emissions	mn t CO ₂ e	14.4	17.8	-18.8 %
Number of issuers in 4 sectors with highest owned absolute emissions		1,138	1,068	6.6 %
Under Engagement by Climate Action 100+		111	111	0
Split of sectors with highest owned absolute emissions in corporate bonds portfolio	Unit	2021	2020	Δ y-o-y
Manufacturing				
Manufacturing sector total AuM	€ bn	47.2	48.4	-2.5 %
Manufacturing sector share of corporate bonds AuM	%	24.0	25.0	-1.0 %-p
Manufacturing sector absolute emissions	mn t CO ₂ e	6.5	8.4	-22.2 %
Manufacturing sector relative emissions	t CO ₂ e/€ mn invested	138.4	173.4	-20.2 %
Manufacturing sector weighted average carbon intensity	t CO ₂ e/€ mn sales	53.1	60.8	-12.6 %
Manufacture of coke and refined petroleum products				
Manufacture of coke and refined petroleum products sector total AuM	€ bn	8.2	8.2	-0.2 %
Manufacture of coke and refined petroleum products absolute emissions	mn t CO ₂ e	3.1	3.7	-18.0 %
Manufacture of coke and refined petroleum products relative emissions	t CO ₂ e/€ mn invested	371.5	449.5	-17.3 %
Manufacture of coke and refined petroleum products weighted average carbon intensity	t CO ₂ e/€ mn sales	94.3	93.2	1.1 %
Manufacture of other non-metallic mineral products				
Manufacture of other non-metallic mineral products sector total AuM	€ bn	0.9	1.1	-18.4 %
Manufacture of other non-metallic mineral products absolute emissions	mn t CO ₂ e	1.1	1.5	-29.1 %
Manufacture of other non-metallic mineral products relative emissions	t CO ₂ e/€ mn invested	1.1	1.3	-13.0 %
Manufacture of other non-metallic mineral products weighted average carbon intensity	t CO ₂ e/€ mn sales	40.0	48.2	-17.1 %
Manufacture of chemicals and chemical products				
Manufacture of chemicals and chemical products sector total AuM	€ bn	3.0	3.4	-12.1 %
Manufacture of chemicals and chemical products absolute emissions	mn t CO ₂ e	1.0	1.5	-32.9 %
Manufacture of chemicals and chemical products relative emissions	t CO ₂ e/€ mn invested	343.0	452.3	-24.2 %
Manufacture of chemicals and chemical products weighted average carbon intensity	t CO ₂ e/€ mn sales	36.6	44.4	-17.6 %
Manufacture of basic metals				
Manufacture of basic metals sector total AuM	€ bn	1.1	0.9	17.8 %
Manufacture of basic metals absolute emissions	mn t CO ₂ e	0.6	0.6	-9.3 %
Manufacture of basic metals relative emissions	t CO ₂ e/€ mn invested	541.5	701.7	-22.8 %
Manufacture of basic metals weighted average carbon intensity	t CO ₂ e/€ mn sales	16.7	16.7	0.3 %

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Corporate bonds portfolio indicators continued

Split of sectors with highest owned absolute emissions in corporate bonds portfolio		Unit	2021	2020	Δ y-o-y
Electricity, gas, steam and air conditioning supply	Electricity, gas, steam and air conditioning supply sector total AuM	€ bn	18.6	18.4	1.3 %
	Electricity, gas, steam and air conditioning supply sector share of corporate bonds AuM	%	9.0	10.0	-1.0 %-p
	Electricity, gas, steam and air conditioning supply sector absolute emissions	mn t CO ₂ e	5.4	6.4	-15.7 %
	Electricity, gas, steam and air conditioning supply sector relative emissions	t CO ₂ e/€ mn invested	288.0	346.0	-16.8 %
	Electricity, gas, steam and air conditioning supply weighted average carbon intensity	t CO ₂ e/€ mn sales	80.9	82.2	-1.5 %
Transportation and storage	Transportation and storage sector total AuM	€ bn	14.5	14.9	-3.1 %
	Transportation and storage sector share of corporate bonds AuM	mn t CO ₂ e	7.0	8.0	-12.5 %
	Transportation and storage sector absolute emissions	t CO ₂ e/€ mn invested	1.6	1.8	-12.3 %
	Transportation and storage sector relative emissions	t CO ₂ e/€ mn sales	108.9	120.5	-9.6 %
	Transportation and storage weighted average carbon intensity	t CO ₂ e/€ mn sales	21.7	27.3	-20.4 %
Mining and quarrying	Mining and quarrying sector total AuM	€ bn	4.0	3.9	2.0 %
	Mining and quarrying sector share of corporate bonds AuM	%	2.0	2.0	0.0 %-p
	Mining and quarrying sector absolute emissions	mn t CO ₂ e	1.0	1.2	-20.3 %
	Mining and quarrying sector relative emissions	t CO ₂ e/€ mn invested	243.8	313.5	-22.2 %
	Mining and quarrying weighted average carbon intensity	t CO ₂ e/€ mn sales	11.9	13.6	-12.6 %

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Regional corporate bonds portfolio indicators

Region		Unit	2021	2020	Δ y-o-y
Europe	Europe Region total AuM	€ bn	87.6	93.5	-6.3 %
	Europe Region Absolute emissions	mn t CO ₂ e	6.5	8.3	-22.0 %
	Europe Region Relative emissions	t CO ₂ e/€ mn invested	32.7	43.2	-24.1 %
	Europe Region weighted average carbon intensity	t CO ₂ e/€ mn sales	56.3	63.3	-11.1 %
North America	North America total AuM	€ bn	86.8	78.2	11.0 %
	North America Absolute emissions	mn t CO ₂ e	6.2	7.9	-20.7 %
	North America Relative emissions	t CO ₂ e/€ mn invested	31.6	41.0	-22.9 %
	North America weighted average carbon intensity	t CO ₂ e/€ mn sales	107.7	118.2	-8.9 %
Asia/Pacific	Asia/Pacific Region total AuM	€ bn	7.1	7.3	-2.9 %
	Asia/Pacific Region Absolute emissions	mn t CO ₂ e	0.7	0.8	-13.1 %
	Asia/Pacific Region Relative emissions	t CO ₂ e/€ mn invested	3.4	4.0	-15.5 %
	Asia/Pacific Region weighted average carbon intensity	t CO ₂ e/€ mn sales	5.2	7.2	-27.9 %
Emerging Markets	Emerging Markets Region total AuM	€ bn	16.1	13.2	22.2 %
	Emerging Markets Region Absolute emissions	mn t CO ₂ e	3.0	3.0	1.3 %
	Emerging Markets Region Relative emissions	t CO ₂ e/€ mn invested	15.4	15.6	-1.5 %
	Emerging Markets Region weighted average carbon intensity	t CO ₂ e/€ mn sales	21.2	19.5	8.9 %

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05 Our universal principles

In this chapter, we provide an overview of the key foundational principles of our approach to reporting and sustainability ratings. We discuss how topics that are most material to our business and our stakeholders are identified and how we embed sustainability in our governance. We also provide an overview of our intended impact on the U.N. Sustainable Development Goals (SDGs).

Finally, we close with a detailed overview of our sustainability-related targets and achievements across Allianz Group.

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Sustainability in our business activities

Topic	Targets 2021	Progress and Achievements 2021	Targets 2022 and beyond	Reference
Sustainable investments		Decreased our proprietary sustainable investments to € 123 bn from € 127 bn.	Efforts to further decarbonize portfolios (e.g. compensate for increase of carbon footprint due to economic recovery after COVID-19) and to increase volume in sustainable investments are top on the agenda for upcoming years.	For further insights into our sustainable investments, please refer to section 02.2.2 and ☞ table ESG-7.
ESG-themed investments		<ul style="list-style-type: none"> • Increased our third-party AGI ESG-themed investment assets under management to € 184.3 bn from € 95.4 bn in 2020. • Increased our third-party PIMCO ESG-themed investment assets under management to € 203.1 bn from € 136.5 bn in 2020. 	We continue to collaborate with third party clients on finding suitable bespoke sustainability solutions and expand our dedicated sustainability product offering.	For further insights into our ESG themed investments activities, please refer to section 02.3 and ☞ table ESG-13.
Sustainability in real estate	<ul style="list-style-type: none"> • Conduct further energy audits • Extend efforts to reduce carbon emissions (e.g. revise the technical/ environmental due diligence scope or sustainability analysis in investment documentation) 	<ul style="list-style-type: none"> • Further embedded our sustainability approach in the European Debt business. • Amended the environmental due diligence scope of work for direct investments to consider decarbonization in more detail. • Further energy audits were performed. 	<ul style="list-style-type: none"> • Work towards meeting regulatory reporting requirements in the context of EU Taxonomy regulation (among others) • Efforts to further decarbonize the real estate portfolio (our aim is to align with the 1.5°C decarbonization pathways for the global real estate sector published by CRREM by year-end 2024). 	For further insights into sustainability in real estate, please refer to section 02.2.4.
Sustainable solutions	Continue to increase our sustainable solutions offer worldwide.	<ul style="list-style-type: none"> • Offered 339 sustainable insurance and asset management solutions (2020: 231). • € 1,484.7 mn revenue generated through Sustainable Solutions (2020: € 1,448.9 mn). 	Continue to increase our sustainable solutions offer worldwide. Automize data collection process.	For further insights into our sustainable insurance solutions, please refer to section 02.1.5 and ☞ table ESG-4 and ESG-5.
Emerging consumers	We aim to continue our expansion in Africa, Asia, and Latin America and to support a growing number of Emerging Consumers – especially with digital products and services – by partnering with insurtechs, mobile network operators, mobility platforms, and other digitally operating partners. Following the extension of our footprint in East Africa, we will also seek to expand our outreach to emerging consumers in this region in 2021.	<ul style="list-style-type: none"> • Despite the continued negative social and economic impact of the COVID-19 pandemic, we were able to maintain or even increase our outreach to emerging consumers in a number of target countries, and the reported total number of insured increased from 46.1mn in 2020 to 62mn¹ in 2021. • We also continued to intensify our strategic partnership with the microinsurance and health services specialist BIMA: Following our initial investment in 2017, aimed at providing emerging consumers with easier access to insurance, we have further supported BIMA's transformation from an insurtech to a comprehensive HealthTech with an insurance backbone. 	We aim to continue our expansion in Africa, Asia, and Latin America and to support a growing number of Emerging Consumers – especially with digital products and services – by partnering with insurtechs, mobile network operators, mobility platforms, and other digitally operating partners.	For further insights into our emerging consumers business, please refer to section 02.1.4 and ☞ table ESG-6.

¹ Due to change in scope, additional 15.5mn insured reported from Indian government-sponsored health schemes.

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Sustainability in our business activities

Topic	Targets 2021	Progress and Achievements 2021	Targets 2022 and beyond	Reference
Board target	<ul style="list-style-type: none"> • DJSI/S&P Global: Top 5 	<ul style="list-style-type: none"> • DJSI/ S&P Global: Top rank (2020: 98th percentile) 	<ul style="list-style-type: none"> • DJSI/S&P Global: Top 5 	For further insights into our environmental management targets, please refer to section 02.6 and ☞ table ENV-1.
Sustainability ratings	<ul style="list-style-type: none"> • MSCI¹: AA-AAA • Sustainalytics³: Top 5 diversified insurance sub-industry 	<ul style="list-style-type: none"> • MSCI²: AAA (2020: AAA) • Sustainalytics³: #7 diversified insurance sub-industry (2020: #2 diversified sub-insurance industry) 	<ul style="list-style-type: none"> • MSCI²: AA-AAA • Sustainalytics²: Top 5 diversified insurance sub-industry 	
Board target	Reduce GHG emissions by 30 % per employee by year-end 2025, against a 2019 baseline.	In 2021, our carbon footprint per employee was 0.9 tons CO ₂ e (2020: 1.4 tons CO ₂ e). This represents a 60 % reduction (2020: 42 %), against a 2019 baseline.	Reduce GHG emissions by 30 % per employee by year-end 2025, against a 2019 baseline.	For further insights into our GHG emissions, please refer to section 02.6 and ☞ table ENV-2. Also refer to our Non-Financial Statement, section Environmental matters, p. 59–63.
Greenhouse gas (GHG) emissions per employee				
Board target	Achieve 100 % renewable electricity for our operations by 2023 within Allianz Group.	Achieved a share of 77 % renewable electricity of total electricity used (2020: 57 %) within Allianz Group.	Achieve 100 % renewable electricity for our operations by 2023 within Allianz Group.	For further insights into our renewable electricity, please refer to section 02.6 and ☞ table ENV-5.
Renewable electricity				
Energy consumption³	Reduce energy consumption from office buildings per employee by 20 % by year-end 2025 compared to 2019 within Allianz Group.	Achieved a reduction of 26 % in 2021 (2020: 20 %) compared to 2019 within Allianz Group.	Reduce energy consumption from office buildings per employee by 20 % by year-end 2025 compared to 2019 within Allianz Group.	For further insights into our energy consumption, please refer to section 02.6 and ☞ table ENV-3.
Paper consumption	Reduce paper consumption by 20 % per policy compared to 2019 by year-end 2025 within Allianz Group.	Achieved a reduction of 33 % in 2021 (2020: 14 %) compared to 2019 within Allianz Group.	Reduce paper consumption by 20 % per policy compared to 2019 by year-end 2025 within Allianz Group.	For further insights into our paper consumption, please refer to section 02.6 and ☞ table ENV-9.
Water consumption	Reduce water consumption by 10 % per employee compared to 2019 by year-end 2025 within Allianz Group.	Achieved a reduction of 41 % in 2021 (2020: 23 %) compared to 2019 within Allianz Group.	Reduce water consumption by 10 % per employee compared to 2019 by year-end 2025 within Allianz Group.	For further insights into our water consumption, please refer to section 02.6 and ☞ table ENV-7.
Waste	Reduce waste generation by 10 % per employee compared to 2019 by year-end 2025 within Allianz Group.	Achieved a reduction of 41 % in 2021 (2020: 29 %) compared to 2019 within Allianz Group.	Reduce waste generation by 10 % per employee compared to 2019 by year-end 2025 within Allianz Group.	For further insights into our waste generation, please refer to section 02.6 and ☞ table ENV-8.
Business travel	Reduce GHG emissions from business travel by 15 % per employee compared to 2019 by year-end 2025 within Allianz Group.	Achieved a reduction of 70 % in 2021 (2020: 59 %) compared to 2019 within Allianz Group.	Reduce GHG emissions from business travel by 15 % per employee compared to 2019 by year-end 2025 within Allianz Group.	For further insights into our GHG emissions from business travel, please refer to section 02.6 and ☞ table ENV-6.
Board target	73 % IMIX score in 2021 within Allianz Group.	78 % IMIX score in 2021 within Allianz Group (2020: 78 %).	75 % IMIX score within Allianz Group.	For further insights into our inclusive meritocracy, please refer to section 02.4 and ☞ table HR-12. Also refer to our Non-Financial Statement, section Employee matters, p. 69–70.
Inclusive meritocracy				

1 The use by Allianz of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, does not constitute a sponsorship, endorsement, recommendation, or promotion of Allianz by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided as-is and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

2 ☞ Copyright ©2021 Sustainalytics. All rights reserved. This presentation contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data is proprietary of Sustainalytics and/or its third-party suppliers (third-party data) and are provided for informational purposes only. It does not constitute an endorsement of any product or project, nor investment advice and is not warranted to be complete, timely, accurate or suitable for a particular purpose. Its use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>. Rating results amongst peers with similar market cap.

3 Energy consumption reported for data centers relates to our strategic data centers in Europe, the U.S, Singapore and Australia. At present, the energy consumption for some local data centers is included in the energy consumption reported for office buildings.

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Sustainability in our business activities continued

Topic	Targets 2021	Progress and Achievements 2021	Targets 2022 and beyond	Reference
Balanced gender representation	<ul style="list-style-type: none"> 40 % women in Allianz talent pool. 30 % women in senior executive positions. 	<ul style="list-style-type: none"> 43.4% (2020: 42.3 %) women in Allianz talent pool. 24.7 % (2020: 25.8 %) women in senior executive positions. 	<ul style="list-style-type: none"> 50 % women in Allianz talent pool by 2024. 	For further insights into our gender representation, please refer to section 02.4 and table HR-6 . Also refer to our Non-Financial Statement, section Employee matters, p. 69–70.
Board target	<ul style="list-style-type: none"> For over 75 % of Allianz Group business segments to outperform their local market (meaning either above market or Loyalty Leader position). 	<p>We achieved the highest ever measured NPS results for Allianz:</p> <ul style="list-style-type: none"> 48 out of 57 measured segments have been either above local market or Loyalty Leaders resulting in a share of 84 % (2020: 79 %). 33 out of 57 measured segments have been Loyalty Leaders resulting in a share of 58 % (2020: 60 %). 	<ul style="list-style-type: none"> Digital NPS tracking. Our Group ambition is to reach 50 % loyalty leaders by 2024¹. 	For further insights into our global customer satisfaction, please refer to section 02.5 and table CS-1 . Also refer to our Non-Financial Statement, section Social matters, p. 64–67.

Strengthening our foundation

Topic	Targets 2021	Progress and Achievements 2021	Targets 2022 and beyond	Reference
Corporate citizenship strategy	Continue with the implementation of the new strategy.	In 2021, we continued to evolve our Corporate Citizenship Strategy and approach. We published our Guidance on Corporate Citizenship Activities and Guidance on Social Impact Measurement for Corporate Citizenship Activities.	Continue with the implementation of the new strategy and roll out of the impact measurement framework.	For further insights into our Corporate Citizenship Strategy, please refer to sections 01.4 and 03.1.
Long-term global partnerships	Increase the resilience and equal opportunities of children and young people in 2021 by focusing specifically on Emergency Preparedness & Response and Youth Employability programs.	In 2021, our partnership with SOS CVI with a focus on Emergency Preparedness & Response and Youth Employability programs (e.g. YouthCan!) continued. As planned, the partnership came to an end after six years at the end of 2021.	Continued review of our global partnership and development of a partnership framework for local Corporate Citizenship activities.	For further insights into our long-term global partnerships, please refer to sections 01.4 and 03.1.
Corporate citizenship activities	Continue to contribute to communities and societies through corporate giving and employee volunteering in alignment with our strategy.	In 2021, the Allianz Group contributed through Corporate Giving and employee volunteering as well as activities through its twelve corporate foundations. We had corporate citizenship activities benefiting communities worldwide. We launched the Allianz Social Impact Fund to foster OEs to carry out local activities in line with our strategy.	<ul style="list-style-type: none"> Continue to contribute to society through corporate giving and employee volunteering in alignment with our strategy. Identify and launch activities that would be supported through the Allianz Social Impact Fund. 	For further insights into our corporate citizenship activities, please refer to sections 01.4 and 03.1.

¹ Digital NPS tracking allows us to measure customer loyalty continuously and against a broader set of competitors. This new measurement will set higher standards therefore we have adjusted our digital NPS targets accordingly.

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Strengthening our foundation continued

Topic	Targets 2021	Progress and Achievements 2021	Targets 2022 and beyond	Reference
Data privacy and data ethics	<ul style="list-style-type: none"> Privacy Champions will be appointed in all business units that process personal data across Allianz Group companies. Privacy Champions are employees who dedicate a portion of their time to dealing with privacy-related topics, including PIAs, records of processing activities, data incidents, and data access requests. 	<ul style="list-style-type: none"> Privacy Champions were appointed across Allianz Group companies and are now dedicating a portion of their time to deal with privacy-related topics. We developed a global privacy risk and controls 'blueprint' to support local compliance efforts with the APS across the entire Allianz Group. The blueprint provides a tool for identifying data privacy risks in local business processes and addressing those risks by mapping them to standard controls. 	<ul style="list-style-type: none"> Deploying new data privacy controls for supplier management concerning the pre-selection, contracting, ongoing monitoring, and off-boarding of data processors. Deploying a rigorous new training program for privacy professionals and privacy champions. Rollout of the AI Practical Guidance to all EU Renewal Agenda Committee (RACo) Operating Entities. 	For further insights into data privacy and data ethics, please refer to sections 03.2.1 and 03.2.2. Also refer to our Non-Financial Statement, section Social matters, p. 64–67.
Information security executive accountability	Define and include information security targets for all responsible board members, including local Operating Entities (OEs) to ensure appropriate focus on securing Allianz.	Target objectives for all OEs included key information security risk indicators in addition to targets for strategic programs related to information security. Additionally, a mechanism was devised to ensure a direct link between information security standing and reward.	Further upgrade targets and risk indicator monitoring, linking them to quantified risk exposure and roll-out of global cyber-risk management strategy.	For further insights into our information security executive accountability, please refer to section 03.2.3.
Compliance	<ul style="list-style-type: none"> Complete the fifth cycle of the integrated compliance risk scoping and assessment activities as part of the company's IRCS process in 2021. Continue to enhance the effectiveness of local compliance organizations by enriching our compliance reviews, to bolster further the governance and processes of underlying compliance organizations across our Operating Entities. 	<ul style="list-style-type: none"> Roll-out of CARE program. Completed the fourth cycle of our integrated compliance risk scoping and assessment activities as part of the company's IRCS. 	<ul style="list-style-type: none"> Complete the fifth cycle of the integrated compliance risk scoping and assessment activities as part of the company's IRCS process in 2021. Continue to enhance the effectiveness of local compliance organizations by enriching our compliance reviews, to bolster further the governance and processes of underlying compliance organizations across our Operating Entities. 	For further insights into our compliance, please refer to section 03.4. Also refer to our Non-Financial Statement, section Compliance/Anti-Corruption and Bribery Matters, p. 70–71.

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Climate-related targets

Topic	Targets 2021	Progress and Achievements 2021	Targets 2022 and beyond	Reference
Board target Decarbonizing our investments	Set long-term and intermediary climate targets (2025) for proprietary investments in line with 1.5°C based on AOA framework for target setting.	We have set long-term and intermediary climate targets (see also Targets 2022 and beyond). We are working towards our first intermediate 2025 target as part of our 'Net-Zero by 2050' commitment for our proprietary investment portfolio.	As intermediary target, we aim to reduce our emissions in listed equities and corporate bonds by 25 % by year-end 2024 compared to 2019 baseline. The fully owned real estate portfolio will be in line with scientifically based 1.5°C pathways by year-end 2024. We also set emission reduction and engagement targets for our infrastructure portfolio in line with 1.5°C pathways.	
Phase out of coal-based business models	<ul style="list-style-type: none"> • Fully phase out coal-based business models across our proprietary investments and P&C portfolios by 2040 at the latest along 1.5°C pathway. • Engage with companies in proprietary investment as well as P&C portfolios to move away from coal. 	In 2021, we tightened our coal approach in both proprietary investments and Property-Casualty underwriting by also restricting companies that plan new thermal coal assets or have still a major coal business in place (5 gigawatts of installed coal capacity or 10 million tons mined annually).	<ul style="list-style-type: none"> • Fully phase out coal-based business models across our proprietary investments and P&C portfolios by 2040 at the latest. • Reduce threshold for coal-based business models for P&C insurance as well as investment portfolios from current 30 % to 25 % as of 31 December 2022. 	For further insights into our divestments, please refer to section 02.2.
Net-Zero Asset Owner Alliance	<ul style="list-style-type: none"> • Further increase the number of members and assets under management. • Develop inaugural Target-Setting Protocol. • Engage with policymakers, regulators, sectors and companies. 	<p>Together with our partners at the AOA we achieved the following:</p> <ul style="list-style-type: none"> • Grew to 65 members across three continents with > USD 10 tn AUM. • Developed 2nd version of the Target-Setting Protocol. • Conducted engagements with policymakers, regulators, energy agencies, sectors and companies. • Number of position papers and statements published. • Published first Alliance progress report. 	<p>Work across all dimensions of the Alliance commitment and target-setting protocol.</p> <p>By 2023: Disclosure of quantitative joint Alliance report.</p>	
Net-Zero Insurance Alliance	Actively contribute to the establishment of the U.N.-convened Net-Zero Underwriting Alliance alongside other insurance firms around the world.	Allianz co-founded the U.N.-convened Net-Zero Underwriting Alliance alongside other insurance firms around the world.	<ul style="list-style-type: none"> • Transitioning all operational and attributable GHG emissions from its insurance and reinsurance underwriting portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels. <p>Launch of the NZIA Target-Setting Protocol is expected at the latest in January 2023. First individual intermediate targets for 2030 are expected to be released by mid-2023 at the latest.</p>	

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To increase trust and transparency in our activities, we aim to reflect our values of integrity, competence and resilience in our sustainability reporting. We actively promote the development of global sustainability reporting standards to simplify the reporting landscape and drive transparency and comparability of corporate reporting and performance.

Allianz bases its management approach and reporting on voluntary international standards and guidelines such as the Global Reporting Initiative (GRI) and recognized sustainability indices. We continually monitor developments in reporting standards and regulations including initiatives by the World Economic Forum (WEF), the European Commission (EC), the Sustainability Accounting Standards Board (SASB) and the International Sustainability Standards Board (ISSB). Our engagement aims to support the development of a high-quality and globally consistent reporting system that adequately meets stakeholders' information demands in a timely manner. For example, we are a member of the European Financial Reporting Advisory Group (EFRAG) Project Task Force on European Sustainability Reporting Standards (PTF-ESRS).

- ✔ Details on our reporting standards, scope and materiality can be found in section 05.2.
- ✔ Our annual U.N. Global Compact (UNGC) Communication on Progress can be found on our website and the UNGC website.
- ✔ Our GRI Content Index is available on our website.

World Economic Forum Stakeholder Capitalism Metrics

In January 2021, Allianz became one of the initial endorsing companies of the (WEF) Stakeholder Capitalism Metrics. Drawn from existing standards, the Stakeholder Capitalism Metrics are a set of metrics that can be reported on by all companies, regardless of industry or region. We actively encourage our stakeholders and business partners to consider adopting the WEF metrics in their own reporting.

As part of our commitment to transparent and comparable reporting, we have included an overview of our disclosures based on the Stakeholder Capitalism Metrics in this report. We have included additional indicators on direct economic value generated and distributed. The remaining indicators will be published in our 2022 report. We do not consider some metrics to be material for us as a financial services company and explanations for these omissions are provided.

- ✔ Our WEF Content Index available as an appendix to this report, is accessible through our website.
- ✔ For further details on the Stakeholder Capitalism Metrics, please see the WEF website.

Non-Financial Statement

In compliance with the German implementation of the E.U. Non-Financial Reporting Directive (2014/95/EU), we publish relevant non-financial information within our Group Annual Report. This so-called Non-Financial Statement is approved by the Supervisory Board of Allianz SE and assured with reasonable assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC).

- ✔ For further details please see our Group Annual Report 2021.

Data and assurance

To enhance the quality and reliability of our reporting, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) has conducted limited assurance reviews of our sustainability reports, processes and data since the 2016 reporting year. PwC regularly undertakes onsite reviews of a sample of operating entities of Allianz SE, selected based on their impact on the Group's sustainability activities. The implementation of recommendations is monitored by the Global Sustainability and Group Accounting and Reporting functions.

- ✔ Please see the 2021 Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information (section 05.8).

Our reporting ecosystem

We focus on reporting online, cross-linking to the sustainability section of our website, People Fact Book, Tax Transparency Report and Analyst's Presentation and Non-Financial Supplement, which offers further extra financial information. An overview of our reporting ecosystem can be found on page 03.

An increasing number of Allianz subsidiaries now publish their own sustainability reports. These are available for download on local Allianz websites.

Reporting parameters

The content of this report is focused on the key requirements of our stakeholders and sustainability rating and benchmarking providers. The primary target audience are rating providers, analysts, investors and NGOs. Our report also contains key insights for other stakeholder groups, such as customers and employees and makes links to other documents which disclose our approach and report on progress.

Material topics and aspects

Key topics included in this Sustainability Report were shaped by our 2021 materiality analysis which satisfies the GRI Principles for defining report content (sustainability context, materiality, completeness and stakeholder inclusiveness).

- ✔ For further details about our 2021 materiality assessment process and outcomes, see section 05.3.

Scope of reporting

This is our 21st annual Sustainability Report. Our Sustainability Report 2021 relates to the entire Allianz Group. Unless otherwise stated, all measures, activities and key figures refer to the 2021 fiscal year (01 January 2021 to 31 December 2021) and we take operational control as the boundary for reporting.

05.2 How we report: transparent reporting, ratings and performance

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Sustainability ratings and performance

Sustainability ratings promote transparency and trust among our customers, investors and other stakeholders.

We strive to be a sustainability leader in our sector. Taking part in sustainability ratings and industry benchmarks supports us to improve our performance and transparency.

1 The use by Allianz of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, does not constitute a sponsorship, endorsement, recommendation, or promotion of Allianz by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided as-is and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

2 Copyright 2021 Sustainalytics. All rights reserved. This presentation contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

3 Please note that the 2020 figure has been updated by Sustainalytics.

4 Ranks as of December 31, 2020.

Sustainability Rating	Our performance (as of 31 December 2020)	Our performance (as of 31 December 2021)
DJSI/S&P Global Key Rating	We are one of the longstanding members of the Dow Jones Sustainability Index and we were ranked as number six in our sector in 2020, scoring 85 out of 100 points (Silver Class).	We are one of the longstanding members of the Dow Jones Sustainability Index and we achieved the top position, scoring 93 points out of 100 in 2021, up from 85 points in 2020.
MSCI¹ ESG Key Rating	In 2020, Allianz once again received a rating of AAA (on a scale of AAA-CCC) and is one of the top performers in the insurance sector.	Allianz once again received a rating of AAA (on a scale of AAA-CCC) in 2021 and is one of the top performers in the insurance sector.
Sustainalytics² Key Rating	We received an ESG Risk Rating of 16.2 and were assessed to be at low risk of experiencing material financial impacts from sustainability factors. Our risk rating places us at rank 2 ³ in the diversified insurance industry and 2nd amongst peers of similar market cap, assessed by Sustainalytics. ⁴	We received an ESG Risk Rating of 15.9 and were assessed to be at low risk of experiencing material financial impacts from sustainability factors. Our risk rating places us at rank #7 in the diversified insurance industry and 2nd amongst peers of similar market cap, as assessed by Sustainalytics. Our ESG Risk Rating was revised over the course of the year in association with the development of the Structured Alpha Funds controversy, resulting in a year-on-year deterioration in sub-industry rank from #2 in 2020.
ISS ESG	We received Prime status in 2020, which ranks us among the world's most sustainable companies in our industry.	We received Prime status in 2021. This ranks us among the world's most sustainable companies in our industry and we achieved a first decile rank.
ISS quality score	We received the highest rating in the ISS Quality Score for the environment and social pillars in 2020.	We received the highest possible rating in the ISS Quality Score for the environment and social pillars in 2021 with ratings of first decile in both pillars.
Vigeo Eiris	We were in the top 5 percent in the insurance sector in 2020 with an overall ESG score of 62 out of 100 points.	We were ranked third in the insurance sector in 2021 with an overall ESG score of 63 out of 100 points.
FTSE4Good	We are one of the longstanding members and we were ranked among the top 8 percent of our sector in 2020.	We are one of the longstanding members and were ranked among the top five percent of our sector in 2021.
PRI	In 2020, we achieved the highest rating (A+) in eight out of nine categories. We were included in the 2020 Leaders' Group for our climate reporting.	Results for 2021 are due to be published in June 2022. In 2020, we achieved the highest rating (A+) in eight out of nine categories and were included in the 2020 Leaders' Group for our climate reporting.
CDP	We have participated with our climate change CDP submission since 2011. In 2020, we achieved an A- rating.	We have participated with our climate change CDP submission since 2011. In 2021, we achieved a B rating.
Bloomberg Gender Equality Index (listing)	For the fifth year running, we were included in the list of 325 companies from 42 countries and regions across 50 industry sectors in 2020.	For the sixth year running, we were included in the list of 380 companies from 44 countries and regions across multiple industry sectors in 2021.
Refinitiv diversity and inclusion index (ranking)	Allianz was ranked 7th in 2020 (up one since 2019) among companies leading the way in embedding diversity and inclusion in their business strategy and practices.	Allianz was ranked fifth globally in 2021 (up two places since 2020) among companies leading the way in embedding diversity and inclusion in their business strategy and practices. Allianz was ranked first in the country (German-headquartered) and sector (insurance) categories.
BeyondGenderAgenda German Diversity Index (ranking the DAX30 companies)		We were placed second in the BeyondGenderAgenda German Diversity Index (ranking the DAX30 companies).

Our rating performance is updated regularly over the course of the year. For our most recent results, please see our website.

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To make a positive impact on society, we need to understand and respond to the changing context in which we operate. Our materiality assessment enables us to stay on top of trends and align our approach, reporting and strategy with the sustainability issues that are most important to our stakeholders and our business.

Our materiality assessment helps to ensure that we focus on the risks, opportunities and issues that matter most to our key stakeholders, and which we have the ability to influence. Our most recent assessment was carried out in 2021 in line with the 2020 GRI Standard requirements. Our assessment approach used a variety of data sources and we improved our methodology in 2021 by increasing the number of data sources and the number of data points within these sources.

We created an internal expert pool with representatives from Group functions including Group Risk, Communications, Group Compliance, Group Legal, Group Accounting and Reporting, as well as Global Sustainability. This pool was formed at an early stage to discuss the overall approach, preliminary results and feedback. Final results were presented and agreed to by the Group centers which had also been part of the expert pool.

Operating entities – including PIMCO, AIM, Allianz Technology, AGCS, AllianzGI – were involved in providing feedback on the most material issues from their expert perspectives.

Materiality assessment process:

- 1. Identification:** We identified a list of sustainability topics tailored to our business through a desk-based review of sourcing including our own prior material topics, peers' materiality matrices, a media review using the HLG Brand Pressure Index and RepRisk data and independent expert opinion from a specialist consultancy.
- 2. Prioritization:** We engaged with stakeholders including NGOs, employees and customers through interviews, surveys and workshops to prioritize the list of material topics.
- 3. Analysis and validation:** We aggregated and analyzed data, integrating the results into a materiality map, and presented results to the internal expert pool of representatives. This group also provided the final judgment of outcomes.

Understanding stakeholder views

The views of stakeholders were collected during the identification and prioritization phases on two aspects: the importance of topics to society (encompassing economic, societal and environmental aspects) and the importance of topics to the Allianz business (including potential impact on our business). The data was integrated into an independent, third-party analysis model which weighs different inputs and maps the results. The result is an overall prioritization outcome along the two axes of importance to society and to Allianz as a business. Input was collected from the following stakeholders:

Peer companies: We conducted a peer assessment of the nine best performing companies in terms of materiality analysis in the latest Dow Jones Sustainability Index assessment. This helped us understand the material issues defined by these insurance companies in their sustainability reports.

Media: We used the HLG Brand Pressure Index and RepRisk data to identify the most relevant topics for the financial sector from a media perspective.

NGOs: We performed external stakeholder interviews with NGOs and complemented it by using SigWatch data to identify the most relevant topics for NGOs.

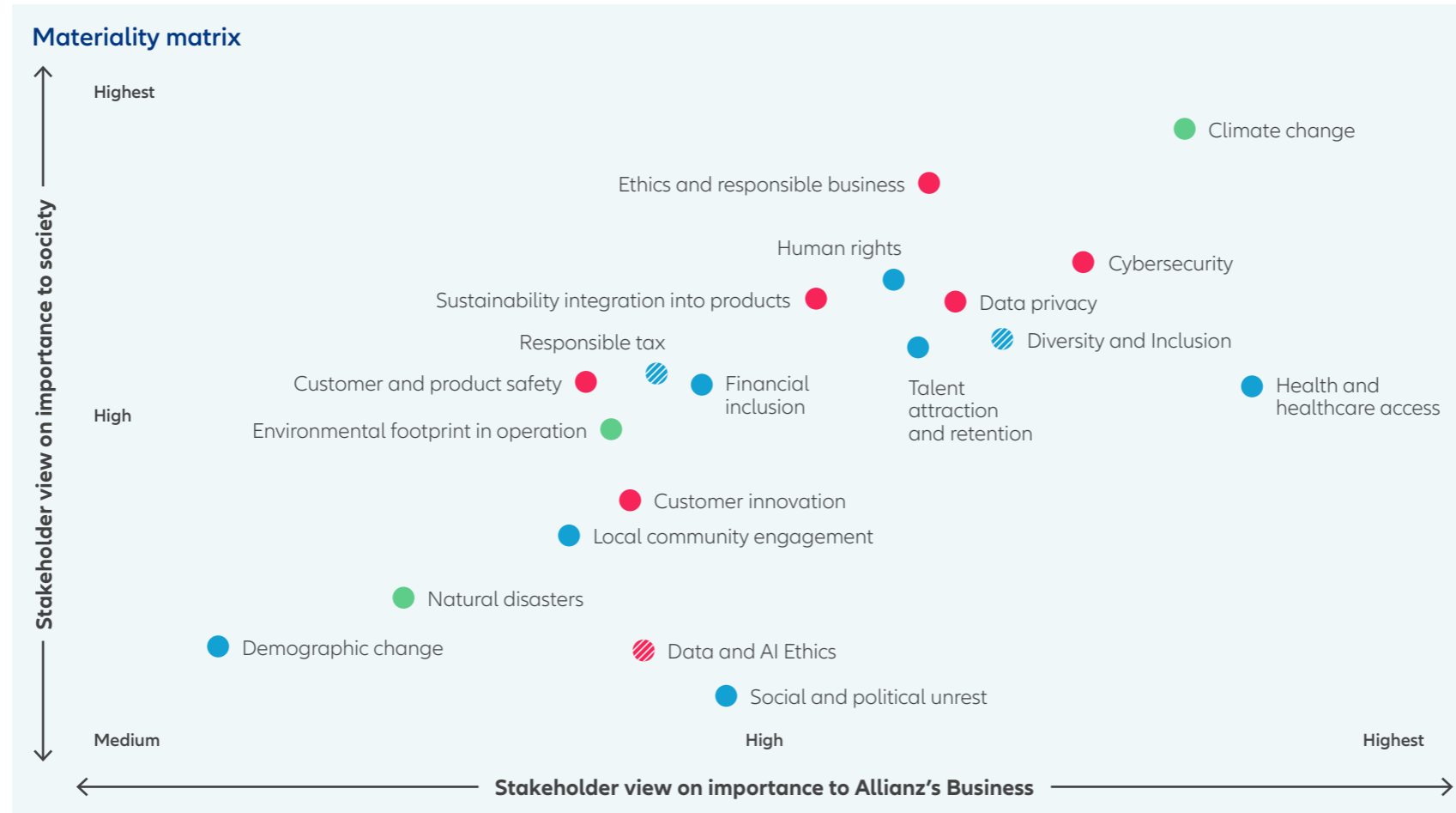
Employees: We conducted a series of semi-structured interviews with 36 internal leaders and a workshop with subject matter experts to gather insights on Allianz's key business drivers, objectives and priorities. Through our internal communications, we conducted a survey of Allianz employees worldwide to gather their perspectives on the most relevant topics.

Customers: We analyzed multiple reports based on customer surveys and engagements from various lines of business including property and casualty, life & health, and investment.

Sustainability rating agencies: We carried out a review of internal documents from selected key ratings for Allianz to identify the most relevant issues.

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- Environmental
- Social
- Governance
- ▨ New topics in 2021

Our material issues

Our assessment identified 19 material issues which were prioritized as either having high or medium importance. Topics are ranked and presented in a materiality matrix along two axes according to stakeholder views on their importance to society and to our business.

All topics in the materiality matrix relate to sustainability and several are linked to our sustainability strategy pillars, including:

E: Our climate approach – climate change, environmental footprint in our operations.

S: Our social approach – financial inclusion, local community engagement, human rights, D&I.

G: Our approach to sustainability integration – ethics and responsible business, data and AI ethics, data privacy, cybersecurity, sustainability integration into products.

The top three most material issues for all our key stakeholders and our business are:

1. Climate change
2. Ethics and responsible business
3. Cybersecurity

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Stakeholder engagement and collaboration is crucial to understand our impacts and drive progress across our sustainability challenges and opportunities. Understanding stakeholder needs enables us to design products and services that scale our positive contribution to tackling social, environmental, and economic issues.

We use our materiality analysis, customer surveys and direct engagement with a diverse range of stakeholders to shape our strategy, activities and reporting. Besides engagement with international and national sustainability bodies and initiatives, we focus on four key stakeholder groups which are most impacted by our business.

Key stakeholder groups	Why engagement is important	How we engage ¹
Investors	We engage with investors to communicate our sustainability strategy and performance, to enable them to make informed decisions about their investments, and to understand their expectations of our business.	<ul style="list-style-type: none"> Annual General Meeting Dialogs and roadshows Ratings (e.g. S&P Global CSA, MSCI ESG) and benchmarks Website, Sustainability Report, Non-financial supplement, Analyst Presentation
Customers	Feedback from customers helps improve our products, services, and processes and ensures we offer easy and adaptable solutions.	<ul style="list-style-type: none"> Customer surveys;/learning from and sharing customer insights Review of financial services sector developments Research and development to support product innovations Net Promoter Score (NPS) Allianz Risk Barometer Survey Sustainability Factbook
Society	Engaging with civil society, governments and institutions helps us to drive positive change and contribute to effective regulation and multi-stakeholder partnerships.	<ul style="list-style-type: none"> Partnerships for civic engagement Thought leadership on global issues Panel discussions and roundtables Foundations, donations and volunteering Formal dialogs with NGOs and sustainability professionals
Employees	Listening and responding to our employees' views, ideas and concerns shapes our strategy, values and workplace while enabling Allianz to generate long-term value.	<ul style="list-style-type: none"> The Allianz Engagement Survey (AES) Employee dialogs and networks Corporate volunteering programs Events for employees (including the Allianz Sustainability Forum and the Allianz World Run)

¹ Due to COVID-19 restrictions, some of the events and engagements took place in a virtual form.

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Partnerships for change

We believe 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. Allianz's businesses are members of a wide range of sustainability-related initiatives and principles.

Building confidence in tomorrow...



...in partnership with the Olympic and Paralympic Movements

Allianz officially began its eight-year Worldwide Insurance Partnership with the Olympic and Paralympic Movements on 1 January 2021, building on a collaboration with the Paralympic Movement since 2006. Through the partnership, Allianz is supporting athletes as ambassadors, mentors and employees and is supporting the Olympic and Paralympic Movements with insurance solutions and services. Our partnership will engage youth with the spirit and values of the Movements at Allianz Sports Camps. Plus, we have introduced a podcast that will put a spotlight on those supporting athletes' mental health. Unlocking barriers for people with disabilities is one of the foundations of our Corporate Citizenship Strategy. We are committed to being an inclusive employer and have launched a special focus on hiring current and former Para athletes. In 2021, five athletes joined Allianz.

[Find out more here](#)

Memberships

- Founding member, The U.N. Convened Net-Zero Asset Owner Alliance (AOA)
- Founding member, The U.N. Convened Net-Zero Insurance Alliance (NZIA)
- Member, Net-Zero Asset Managers Initiative (NZAM)
- Member, Glasgow Financial Alliance for Net-Zero (GFANZ)
- Member and co-chair, U.N. Convened Global Investors for Sustainable Development (GISD) Alliance
- Signatory, Principles for Responsible Investment (PRI)
- Signatory, Principles for Sustainable Insurance (PSI)
- Founders Circle, The B Team
- Member, RE100
- Member, Investor Agenda
- Member, UNEP Finance Initiative (UNEP FI)
- Signatory, U.N. Global Compact (UNGC)
- Member, World Economic Forum Alliance of CEO Climate Leaders
- Signatory, World Economic Forum initiative for Stakeholder Capitalism
- Investor signatory, ClimateAction100+ (CA100+)
- Founding Member, Climate Leadership Council (CLC)
- Member, ClimateWise
- Member, The Global Innovation Lab for Climate Finance
- Member, Institutional Investors Group on Climate Change (IIGCC)
- Member, Insurance Development Forum (IDF)
- Member, InsuResilience Partnership
- Member, Investment Leaders Group (ILG)
- Member, Investor Leadership Network – A G7 initiative (ILN)
- Member, Munich Climate Insurance Initiative (MCII)
- Member, Science Based Target Initiative (SBTi)
- Member, Stifterverband der Deutschen Wissenschaft
- Supporter, Transition Pathway Initiative (TPI)
- Supporter, Task Force on Climate-related Financial Disclosure (TCFD)
- Member and Guardian, Vatican Council for Inclusive Capitalism (membership ended 31.12.2021)

Partnerships

- Partnership with the German Corporation for International Cooperation (GIZ)
- Local partnership with SOS Children's Villages International
- Supporter World Clean Up Day

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We believe in responsible and transparent governance to enable the creation of sustainable value for all stakeholders. This extends to our governance of sustainability issues as we work to embed sustainability and deliver sustainable outcomes across our global business and organization.

Group Sustainability Board

As the Group's parent company, the ultimate responsibility for all matters relating to sustainability resides with the Board of Management of Allianz SE. To support the Board of Management in its respective decision-making process, Allianz SE has established a dedicated Group Sustainability Board (known until January 2022 as the Group ESG Board) as an advisor on all matters around sustainability. It is composed of members of the Board of Management of Allianz SE and Group Center heads, and meets at least quarterly. The core responsibilities of the Group Sustainability Board are:

- Preparing the overall framework for sustainability for the Allianz Group.
- Aligning sustainability (ESG) integration into the Allianz Group's business processes with Allianz as an organization (operations and organization) and Allianz as a financial institution (investment, insurance, asset management).
- Related internal and external communication.

Furthermore, it assumes responsibility for the oversight and steering of overarching sustainability matters, such as topics concerning the climate, society and governance.

The work of the Group Sustainability Board is also supported by corporate functions and operating entities, which implement sustainability matters in their activities.

Allianz SE Supervisory Board Sustainability Committee

As a measure to strengthen sustainability matters within the Allianz Group, in 2021, the Supervisory Board of Allianz SE established its Sustainability Committee to oversee sustainability issues, to advise the Board of Management on ethical standards concerning the usage of data (Data Ethics), and to monitor the Board of Management's sustainability strategy. It supports with sustainability-related target setting and performance reviews for Board of Management remuneration.

[Read more about the Sustainability Committee and its member here.](#)

Other Committees

In addition to the Sustainability Committee and Sustainability Board, several other committees play an important role in Allianz's decision-making processes:

- The Group Finance and Risk Committee oversees risk management and monitoring, including sustainability risk.
- The Group Underwriting Committee monitors the underwriting business, its risk management and development of underwriting policies and strategies. This includes the integration of sustainability into these processes.
- The Group Investment Committee focuses on fundamental investment-related topics, including sustainability-related matters.

Linking sustainability performance with Board remuneration

In 2020, the Supervisory Board linked Allianz SE Board of Management remuneration to specific sustainability targets. Board members' individual contribution factor looked at progress towards environmental and net-zero targets for proprietary investments and Allianz Group operations. In 2021, the variable component of Board member's remuneration (individual contribution factor) considered a range of sustainability-related targets:

On top of these specific sustainability-related targets, other non-financial factors such as customer satisfaction (NPS) and employee engagement (IMIX) also contribute to Board member's remuneration.

[For further details about the remuneration system of Allianz Group, please see the Group Annual Report 2021, Remuneration Report, pages 27–52.](#)

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Allianz SE Board members represented on the Group Sustainability Board

Dr. Günther Thallinger

Chairperson of the Group Sustainability Board
Member of the Board of Management of Allianz SE, responsible for Investment Management, Sustainability

Lauren Day

Head of Group Communications and Reputation

Hervé Gloaguen

Group Chief Compliance Officer

Dr. Barbara Karuth-Zelle

Member of the Board of Management of Allianz SE, responsible for Operations and IT (COO)

Line Hestvik

Group Chief Sustainability Officer

Dr. Klaus-Peter Röhler

Member of the Board of Management of Allianz SE, responsible for Insurance German Speaking Countries and Central and Eastern Europe

Aylin Somersan-Coqui

Chief Risk Officer of Allianz SE

Christopher Townsend

Member of the Board of Management of Allianz SE, responsible for Global Insurance Lines and Anglo Markets, Reinsurance, Middle East, Africa

Dr. Andreas Wimmer

Member of the Board of Management of Allianz SE, responsible for Asset Management, US Life Insurance

1 Group Finance and Risk Committee (GFRC), Group Underwriting Committee (GUC), Group Investment Committee (GIC).
 2 Responsible for i) Investment Management, Sustainability (Chair); ii) Asset Management, US Life Insurance; iii) Operations, Allianz Services iv) Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa, v) Insurance German Speaking Countries and Central & Eastern Europe.
 3 Group Communications and Reputation (GCORE).

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Sustainability management

On 01 January 2021, responsibility for Allianz's sustainability agenda shifted to a new Global Sustainability function, headed by the Chief Sustainability Officer (CSO) who reports to the Chairperson of the Group Sustainability Board. Global Sustainability supports Allianz's group centers and operating entities to effectively integrate the Group's strategic sustainability approach and policies into their business processes. The function drives the integration of sustainability-related matters in the organization and business, aiming at Allianz taking a shaping role on sustainability in the societies and economies Allianz operates in. Responsibility for sustainability reporting shifted to Group Accounting and Reporting which collaborates closely with Global Sustainability to produce this report.

In June 2021, Allianz created a Sustainable Operations function within Group Operations and IT. The ambition of the new function is to strengthen the sustainability approach of Allianz's operating entities with a primary focus on IT infrastructure and applications, facility management, procurement and business travel. Sustainable Operations monitors and promotes the progress of Allianz's sustainability activities in these areas. It also steers and coordinates sustainable operations initiatives and enables best practice sharing across Allianz entities.

Embedding sustainability across our global organization

We strive towards integration of sustainability in every decision made at Allianz. This means that all business and support functions, should embed sustainability in their strategies and approaches.

To support this ambition, Group Sustainability works with an expansive network of sustainability experts located across Allianz's operating entities globally. They support the implementation of the group-wide sustainability approach and helps share best practice and scale positive impacts across the organization.

The network includes:

- Sustainability Leads responsible for coordinating and leading sustainability integration in our operating entities;
- Local Environment Officers responsible for managing the environmental footprint of our operations;
- Non-Financial Data Coordinators responsible for sustainability reporting;
- Corporate Citizenship Leads who drive CSR activities and partnerships; and
- Sustainability/ESG experts and centers of competence in our business functions at group-level (P&C, L&H, investments, asset management) as well as in our group centers (procurement, operations, etc.).

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Respect for human rights is a minimum standard for responsible business within and beyond our direct operations. This is an expectation that is reflected by expanding legislation and applied across our global operations.

We are committed to respecting various human rights standards and have been a participant in the U.N. Global Compact (UNGC) since 2002. We annually communicate our progress against these principles.

We aim to identify, prevent, or mitigate adverse human rights impacts linked to our business activities and operations including our supply chain. The U.N. Guiding Principles on Business and Human Rights (UNGPR) provide a framework for responsible business operations and activities.

[Read our UNGC Communication on Progress.](#)

In the German context, Allianz commits to the National Action Plan for Business and Human Rights which is based on the U.N. Guiding Principles on Business and Human Rights.

To manage our human rights impacts, we must look across each of our roles as an insurer and investor, as an employer, as a company including our supply chain and as a corporate citizen. For each of these roles, we have embedded different processes to manage human rights risks and act on opportunities to drive positive change. In 2021, we strengthened our approach by publishing our Human Rights Approach embedded in the Allianz Group ESG Integration Framework.

We continue to apply ESG and Human Rights Guidelines for sensitive countries across all business lines and core processes dealing with insurance, investment, and procurement decisions.

In 2021, we collaborated with a third-party consulting company to perform a Human Rights Impact Assessment based on UNGP's methodology to identify gaps in our approach and continue to improve human rights integration in our core business and organization. We will continue to work on improvement points based on the findings of this assessment.

[Read the Allianz Group ESG Integration Framework.](#)

Integrating human rights into our core business

As a corporate insurer and investor, our human rights due diligence process forms part of our overall sustainability approach which is integrated into our broader risk management system (see [Table ESG-3](#)). We use a combination of sector and country-specific approaches to identify human rights risks.

Human rights-related due diligence has been integrated into all 13 sensitive business areas where relevant, to ensure that human rights are part of the overall risk assessment for insurance and investments in non-listed asset classes. We maintain a mandatory referral list for sensitive countries where systematic human rights violations occur. For business transactions located in these countries, we carry out explicit due diligence in accordance with our Human Rights Guideline that covers various human rights violations. Additional details on these human rights assessments can be found in [Table ESG-3](#).

In terms of our investments, if we identify an issuer in our listed investment portfolio that is flagged for human rights issues by our external sustainability data provider, we prioritize this issuer for a systematic engagement (see section 02.2).

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ESG referrals were assessed under the human rights guideline in 2021.

Respecting human rights as an employer

We apply the Universal Declaration of Human Rights as an employer throughout our worldwide operations. We have integrated the 10 principles of the UNGC into our globally binding Allianz Group Code of Conduct and we respect the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Allianz endorses the Declaration on Fundamental Principles and Rights at Work, including the ILO declaration on the freedom of association and the right to collective bargaining. In countries where local law prohibits formalized unions and works councils, we respect local law but do not obstruct parallel means of association and bargaining, and we strive to act in the spirit of the UNGC principles.

Our commitment to foster workplace and gender equality goes to the core of our commitment as an employer. Allianz is a supporter of the U.N. Women's Empowerment Principles and the B Team's Principles for Equality which aim to ensure equitable, safe, and dignified workplaces that respect human rights and allow people to thrive.

We continuously engage with the B Team and business across industries to exchange and better understand human rights topics.

[For more details on employee rights, gender equality and diversity initiatives, see section 02.4.](#)

[Read the Allianz Group Code of Conduct.](#)

Respecting human rights in our operations

Human rights due diligence in our operations is part of our ESG referral and assessment process (see section 01.6). For procurement activities, a negative answer to human rights-related screening questions in the vendor integrity screening triggers sustainability assessment at Group level. In 2021, we revised this screening questionnaire with additional questions. These are published in the annex of the Allianz Group Vendor Code of Conduct.

We extend our commitment to international human rights standards to the workforce of our suppliers and those impacted by our supply chain. Our Global Sourcing and Procurement function assesses current and potential suppliers to ensure they abide by the ESG guidelines outlined in the Allianz Vendor Code of Conduct (CoC), which is aligned with ILO standards, UNGP and UNGC (see section 03.6). Allianz is also committed to compliance with the Modern Slavery Act in the U.K., both from the perspective of our U.K. business and the interactions of our wider Group. No issues were raised regarding human rights issues in accordance with the Modern Slavery Act in 2021.

[Read the Allianz Group Vendor Code of Conduct.](#)

[Read the Allianz Group 2021 Statement on Modern Slavery.](#)

[Access our grievance mechanism.](#)

05.7 Our impact on the U.N. Sustainable Development Goals

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Allianz is putting an emphasis on SDGs 8, 13, and 17.



	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	
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To Allianz SE, Munich,

We have performed a limited assurance engagement on the disclosures in the Sustainability Report of Allianz SE, Munich (hereinafter: 'the Company'), for the period from 1 January to 31 December 2021 (hereinafter: 'Report').

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: 'GRI-Criteria').

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ('Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer': 'BS WP/vBP' as

well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures in the Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform any procedures on external sources of information or expert opinions, referred to in the Report. Furthermore, we did not perform any procedures on any forward-looking statements such as projections and forecasts or on the suitability of design or operating effectiveness of the processes and activities described in chapter 'Climate-related financial disclosure' of the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from

1 January to 31 December 2021 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained.

The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement.
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report.
- Inspection of processes for collecting, controlling, analyzing and aggregating selected data at specific sites of the Company.
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria.
- Analytical evaluation of selected disclosures in the Report.
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the management report.
- Evaluation of the presentation of the selected disclosures regarding sustainability performance.

- Evaluation of the description of the processes in place and activities undertaken to apply the TCFD Recommendations.

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January to 31 December 2021 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Munich, 28 April 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger
Wirtschaftsprüfer

(German Public Auditor)

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(German Public Auditor)

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We would like to thank all our colleagues and partners who have supported and contributed to the creation of this report.

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Cautionary note regarding forward-looking statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

The company assumes no obligation to update any forward-looking statement.

We welcome your views

We warmly invite all our stakeholders to provide feedback and comments on our Sustainability Report:

sustainability@allianz.com

Supporting Sustainability Report documents

- [Click here to view the GRI Content Index.](#)
- [Click here to view the Explanatory Notes.](#)



[Click here to view the SASB Content Index.](#)



[Click here to view the WEF Metrics Index.](#)

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