Allianz

ALLIANZ GROUP SUSTAINABILITY REPORT 2020

Collaborating for a sustainable future

Contents

01 Introduction

01.1 Message from the CEO 03
01.2 What we do 04
01.3 Emerging risks 05
01.4 Purpose and strategy 07
01.5 2020 Sustainability Highlights 08

02 Sustainability strategy and governance

02.1 Our global sustainability approach 10
02.2 Climate change and decarbonization 11
02.3 Creating societal impact 13
02.4 ESG business integration 14
02.5 Materiality 16
02.6 Stakeholder engagement 18
02.7 Our sustainability governance 20
Governance 20
Sustainability management 22
Transparent reporting 23
Sustainability ratings and performance 23
02.8 Our commitment to human rights 24

03 Sustainability in our core business activities

03.1 Sustainability in insurance 27
Integrating ESG in insurance 27
Climate and renewables 28
Natural catastrophes 31
Cyber security 32
Emerging consumers 33
03.2 Sustainability in proprietary investments 35
ESG integration and engagement approach 35
Sustainability-themed investments 41
ESG in real estate investments 42
03.3 Sustainability in asset management 43
Allianz Global Investors 43
PIMCO 46
03.4 Sustainable solutions 48

04 Sustainability in our organization

04.1 Human resources 52
Diversity and inclusion 54
Training and developing our people 57
Engaging our employees 60
Health and well-being 61
04.2 Data privacy and information security 63
Data protection and privacy 63
Data ethics 64
Information security 64
04.3 Regulatory and public affairs 65
04.4 Customer satisfaction 66
04.5 Compliance 68
04.6 Tax transparency 70
04.7 Environmental management 71
04.8 Sustainable procurement 74
04.9 Societal impact 75

05 Allianz's climate-related financial disclosure

05.1 Highlights 79
05.2 Governance 80
Overarching and board-level governance 80
Business and management-level governance 82
Board remuneration and climate competence 82
05.3 Strategy 83
Our climate change strategy 83
Climate-related risks and opportunities 83
Our response 86
05.4 Strategy resilience, stress-tests and climate scenario analysis 91
05.5 Risk and opportunity management 94
Overarching risk governance 94
Natural catastrophe risk governance 94
Climate and ESG related risk governance 94
05.6 Metrics and targets 96
Targets and target performance 96
Metrics 99

06 Data and performance

06.1 Our targets and achievements 109
Climate integration and environmental management 109
Societal impact 111
Business integration 112
Other sustainability-related targets and achievements 114
06.2 Our impact on the U.N. Sustainable Development Goals 115
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics 116
06.4 ESG performance data 120
06.5 Environmental performance data 123
06.6 Human resources performance data 125
06.7 Additional sustainability performance data 129
06.8 Reporting parameters, scope and materiality 130
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information 132

New in this report

In line with the findings of our new materiality assessment, we have adjusted the structure of this report to focus on how Allianz governs sustainability strategically and how it is integrated across its business activities and corporate operations. We have added discussions of current regulatory trends and the COVID-19 pandemic where relevant. This report is aimed at specialist sustainability audiences and we target other publications, such as our Sustainability Fact Book and website, towards non-expert customers and employees.

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 at the back of the report, which are referenced using a circle icon (example: Table ESG–1).

About this report

For information on the scope and parameters of this report, please see section 06.8.

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.

01
Introduction
01.1 Message from the CEO
01.2 What we do
01.3 Emerging risks
01.4 Purpose and strategy
01.5 2020 Sustainability highlights

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

01 Introduction

With over 100 million customers[1], Allianz is one of the world's largest insurers, investors and assistance providers in the world. This enables us to protect customers locally while offering an increasingly diverse global portfolio of products and services that meet their needs and the needs of the wider society.

Our purpose, 'We secure your future', guides our work and actions and expresses why we exist. It underscores the impact Allianz has on society by taking uncertainty out of the equation and driving change in the right direction.

100+ mn
customers[1]

70+
countries served

150,269
employees[2]

€ 140.5 bn
total revenues

€ 1,712 bn
total third-party assets under management

€ 10.8 bn
operating profit

7 %
increase in brand value[3]
(USD 12.9 bn for 2020)

No. 1
insurer in the 2020 and 2019 Interbrand Best Global Brand Rankings

1 Including non-consolidated entities with Allianz customers.
2 Employees in core and non-core businesses of Allianz Group.
3 According to interbrand.

01.1 Message from the CEO

01
Introduction
01.1 Message from the CEO
01.2 What we do
01.3 Emerging risks
01.4 Purpose and strategy
01.5 2020 Sustainability highlights

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

2020 was a challenging year for people and businesses around the world. Yet, Allianz stood reliably at the side of its clients, its employees, its shareholders, and the society as a whole. Drawing on that strength and resilience, we are taking the pandemic as an opportunity to incorporate sustainability as an even more central element of our strategy and our value chain.

Sustainability, in every dimension, is one of our top priorities. We believe that sustainability will enable us to realize our potential for growth and value – while at the same time contributing to a future that's worth living for all of us. To do justice to the urgency and complexity of the challenges we face, we once again increased our sustainability efforts. We closely cooperated with additional partners in business, science, and government to lend the greatest possible efficacy to our sustainability initiatives.

For instance, we established a new and dedicated function for sustainability from 01 January 2021. We introduced the new position of a Chief Sustainability Officer and we created an infrastructure that will enable us to pursue our sustainability efforts even more efficiently across our global operations. Our operating entities in more than 70 countries now have mandatory ESG targets. We further emphasized the sustainability goals within our compensation structures and incentive systems for managers – especially members of the Board of Management. And we have contributed and then in early 2021 committed to the Stakeholder Capitalism Metrics developed by the World Economic Forum. These metrics establish a uniform basis for assessing companies' ESG commitments across multiple industries and countries. This should put considerably more pressure on businesses to make progress in ESG value creation – a move we encourage.

In 2020 Allianz employees and Allianz entities around the world were also engaged in addressing societal issues – whether by delivering programs and products to cover risks for vulnerable members of society or personal assistance. Examples are initiatives to help people of color in the aftermath of the distressing incidents in Minneapolis; aid for farmers in Australia whose livelihoods had been destroyed by the horrific bush fires; or support for people suffering mentally from the coronavirus environment, for instance in the United Kingdom, but also in other parts of the world.

One aspect of our sustainability strategy that is especially important to us is helping to address climate change to meet the targets under the Paris Agreement. Here we're relying heavily on cooperation, and want to make rapid advances in-house as well.

In 2020, we achieved our goal of reducing our greenhouse emissions per Allianz employee by 30 percent worldwide compared to a 2010 baseline. We're aiming for a further 30 percent reduction by 2025. We're also a part of the RE100 business initiative, and aim for all of our entities' electricity needs to be met from renewable sources by 2023.

We know that our reach as one of the world's leading financial service providers goes hand in hand with a special responsibility. And in concert with other major asset owners and the United Nations, we're applying that leverage to encourage investments – including our own – toward net-zero emissions by 2050. In fact, we're one of the driving forces in the U.N.-convened Net Zero Asset Owner Alliance. By end of 2020, 33 pension funds and insurance companies had joined us in this initiative. Taken all together we have more than $ 5 trillion in assets under management.

We made our plans even more specific in January 2021 by setting ourselves ambitious interim targets. By 2025 we aim to reduce emissions for selected investment classes in our portfolio of clients' money by 25 percent compared to 2019. To achieve this we're working with companies in every sector whose securities we hold in these portfolios. And we're supporting them in carrying out their own net-zero greenhouse gas strategies, provided those strategies are persuasive.

Let me also mention my own involvement as Co-Chair of the U.N.'s Global Investors for Sustainable Development initiative, in which 30 top leaders from the financial industry have joined forces to advance sustainability in our sector. This is another sign of our cooperatively oriented dedication to slowing climate change.

Last but not least in early 2021, our Supervisory Board has decided to put an increased focus on sustainability by establishing a formal Sustainability Committee to oversee the Group's ESG agenda.

We want to make use of the next years to contribute to a more sustainable world, and help shape change.

I hope you'll enjoy reading this report. And perhaps you'll also feel encouraged to make your own contribution toward a more sustainable world.

Sincerely yours –
Oliver Bäte

Chairman of the Board of Management
Allianz SE

GRI
102-1, 102-2, 102-3, 102-4, 102-6

01.2 What we do

01
Introduction
01.1 Message from the CEO
01.2 What we do
01.3 Emerging risks
01.4 Purpose and strategy
01.5 2020 Sustainability highlights

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Allianz has stood by its customers for over 130 years, protecting and helping them achieve their goals in life and in business. We offer our 100 million customers around the world a wide range of products, services, and solutions in insurance and asset management. We are a leading Property-Casualty insurer worldwide and ranked amongst the top five in the Life/Health insurance business.

Our business model

Allianz SE and its subsidiaries (Allianz Group) offer Property-Casualty insurance, Life/Health insurance and Asset Management products and services in over 70 countries, with the largest of our operations located in Europe. Allianz Group serves more than 100 million private and corporate customers including SMEs, multinationals and institutional clients.

Allianz SE, the parent company of Allianz Group, has its headquarters in Munich, Germany. The structure of Allianz Group reflects both our business segments and geographical regions. Business activities are organized by product and type of service: insurance activities, asset management activities, and corporate and other activities. Due to differences in products, risks, and capital allocation, insurance activities are further divided into Property-Casualty and Life/Health categories. There were no significant changes to our organizational structure in 2020.

Insurance operations

- The Property-Casualty business segments offer an extensive line of products and services in all insurance business lines, designed to protect customers against risks. These include motor, accident, property, general liability, travel insurance and assistance services.
- The Life/Health business segment addresses the health and well-being protection needs of our clients worldwide. We offer international health, life and disability insurance, as well as a wide range of health and protection services.

Most insurance markets are served by local Allianz companies. Key markets (in terms of premiums) for both Property-Casualty and Life/Health insurance are Germany, France, Italy and the U.S. Some business lines – such as Allianz Global Corporate & Specialty (AGCS), Allianz Partners (AP) and Credit Insurance – are run globally.

Asset management

We are one of the largest asset managers in the world, managing assets with active investment strategies. We help private and institutional clients develop their investment portfolios and protect their wealth. From fixed income to equities to alternative investments, we give clients access to our global network of world-class investment specialists.

Our two major investment management entities, PIMCO and Allianz Global Investors (AllianzGI), operate under the governance of Allianz Asset Management (AAM). Our core markets are the United States, Germany, France, Italy, the United Kingdom and the Asia-Pacific region.

Corporate and other

Our Corporate and Other business segment's activities include the management and support of the Allianz Group's businesses through its central holding functions and other business units.

For more information on Allianz's business model, corporate governance and markets served, please refer to the Group Annual Report 2020.

01.3 Emerging risks

01
Introduction
01.1 Message from the CEO
01.2 What we do
01.3 Emerging risks
01.4 Purpose and strategy
01.5 2020 Sustainability highlights
02
Sustainability strategy and governance
03
Sustainability in our core business activities
04
Sustainability in our organization
05
Allianz's climate-related financial disclosure
06
Data and performance

Emerging risks constitute expected or possible changes to the current risk profile due to future events whose impacts are either unknown or subject to great uncertainty. Although we believe our risk management framework is sound – for example with respect to our solvency position and internal control system – we also recognize that the risk landscape is constantly evolving due to a combination of internal and external factors. For the continued success of our business it is important to recognize these factors at an early stage and adapt accordingly. Adaptions in response to emerging risks might include adjustments to the characteristics and mix of products, updates in the design and deployment of IT systems, the introduction of new risk limits or a myriad of other measures that collectively constitute our business and risk strategy.

The following provides some examples of current emerging risks facing our business, including their potential (adverse) impacts and how Allianz is responding to these risks.

Risk 1: **Pandemic**

Context

From a broad perspective the current COVID-19 pandemic is much more than an isolated incident generating short-term and long-term threats towards economic and societal well-being. While the devastation wrought by COVID-19 has undoubtedly been severe and cannot be understated, it may at the same time be objectively observed as simply the latest data point evidencing an increase in both the number and diversity of epidemic events over the prior 30 years; a trend that is expected to continue in-step with an increasingly interconnected world and continued environmental degradation.[1]

Against this background, Allianz recognizes that epidemics will increasingly be a recurring threat for our business going forward.

Impact and Mitigation

A major global pandemic carries potential to trigger significant impacts on our business in a variety of ways, as currently evidenced by the consequences of COVID-19. Chief amongst these are:

- Financial market impacts triggered by economic uncertainty – due to pandemic mitigation measures such as lockdowns and travel restrictions – may trigger a decline in the value of our company's financial assets and insurance portfolios, thereby adversely impacting our solvency position and profitability;
- Pandemic-related events covered by our insurance products may result in an increase in insurance losses and a corresponding decline in our underwriting results; and
- Public health and safety measures intended to combat pandemic outbreaks, such as lockdowns requiring rapid shifts to work-from-home models, may result in disruptions to internal operations; alternatively, additional costs may be required to support continued operations, such as additional IT costs, costs attributable to overtime or external resources to account for ill employees, or supplemental child care benefits to support employees whose children are unable to attend school, day-care, etc.

Already prior to the COVID-19 outbreak, our risk management framework was well-positioned to deal with a wide variety of risks to our business, irrespective of whether these risks were triggered by a pandemic or another event. For example:

- Stress tests are used to evaluate the adequacy of our solvency position and profitability following major financial market movements, under various assumptions for shifts in market parameters like interest and foreign exchange rates, equity and real estate values, credit spreads, etc.
- Accumulations of underwriting exposures within certain lines of businesses or coverages are monitored and potential losses are evaluated under various scenarios, including pandemic scenarios.
- Processes are in place to ensure we are able to adapt to sudden, unexpected disruptions towards our operations, particularly with respect to those critical business processes serving customers or ensuring legal and regulatory compliance. This includes the implementation of an IT framework that enables employees to work from home with full access to the data, systems and conferencing software available when physically located in the office.

Using the experience and lessons from the current pandemic we have continued to further adapt our risk management framework to ensure we are adequately prepared for any potential future pandemic events.

1 'Outbreak Readiness and Business Impact Protecting Lives and Livelihoods across the Global Economy'; white paper published by the World Economic Forum in collaboration with the Harvard Global Health Institute.

01.3 Emerging risks

01
Introduction

01.1 Message from the CEO
01.2 What we do
01.3 Emerging risks
01.4 Purpose and strategy
01.5 2020 Sustainability highlights

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Risk 2: **Climate Change**

Context

Without question we accept that climate change will materially impact the earth's natural environment and, by extension, trigger adverse societal and economic impacts felt around the globe. As an insurer, we recognize corresponding climate change risks and opportunities that can be realized already today and will continue to increase over the mid and long-term. These can for instance be acute and chronic physical impacts on property or human health, such as warming temperatures, extreme weather events, rising sea levels, intensifying heatwaves and droughts or a change in vector-borne diseases. Risks and opportunities also result from the cross-sectoral structural change stemming from the transition towards a low-carbon economy. These include changes in climate policy, technology, or market sentiment, and impact thereof on the market value of financial assets, as well as impact resulting from climate change litigation.

Impact and Mitigation

Climate change impacts Allianz's business in two key ways: firstly through insurance policies, e.g. covering health impacts and other losses like property damage, and secondly through changes in the sectors and business models it underwrites. Furthermore, Allianz is affected as a large-scale institutional investor. It has significant stakes in various economies, companies, infrastructure and real estate that are, or will be, affected by the physical impact of climate change and by the transition to a low-carbon economy, which can directly influence the ability of assets to generate long-term value.

We address immediate risks from climate change factors following the management approach for the primary underlying risks, e.g. building on our long-term expertise in the modeling of extreme weather events, or analyzing emission profiles of our proprietary investments. On a forward-looking basis we consider risks from climate change factors under emerging risks, where we closely monitor the development of the risk landscape supported by selective analysis on our portfolios.

For further details, see section 05, Allianz's climate-related financial disclosure.

Risk 3: **Regulatory Uncertainty**

Context

As a global insurer and asset manager we operate within a heavily regulated industry, further compounded by the complexity of having customers in more than 70 countries, each with its own set of laws and regulations. These rules effectively cut across all areas of our business and heavily influence, for example: the features of our products as well as how and the conditions under which these products are distributed; the investments we are allowed to purchase with the money entrusted to us by our customers; the content and presentation of publicly disclosed financial and non-financial information; the gathering and processing of customer data; or the design of our internal operations and internal control systems.

Each year numerous new or changed regulations come into force or are under consideration by rule-making bodies. This constant stream of regulations, whether on a global, regional or country-specific basis presents challenges that extend beyond the mere question of regulatory compliance, having the potential to ultimately impact our business strategy, capital requirements, financial results, operations, risk appetite, governance and management accountability.

Impact and Mitigation

The final rules contained in new or changed regulations often times are developed over the course of many years. Usually this begins with statements by politicians or regulators regarding a regulatory need, which are then followed by a legislative process of proposals, amendments, public consultations and interpretations – such that the final rules are often times not fully clear until shortly before regulations come into effect. Combining this typical development view with the absolute volume of regulations facing our business means that at any given moment our company is exposed to varying degrees of uncertainty due to various forthcoming laws resting somewhere on the spectrum of this legal development lifecycle.

The European Union's sustainable finance agenda is one prime example of regulatory uncertainty, with its potential to ultimately have a substantial impact on Allianz e.g. in the areas of corporate governance, investment management, product development, sales, and reporting.

To manage this regulatory uncertainty risk we employ a multi-faceted approach. A dedicated team of regulatory experts within our company continuously monitors the regulatory landscape to identify at an early stage any potential emerging regulations that may have a substantial impact on our business. In the early and middle phases, typically two to five years in advance of any proposed regulations taking effect, this team establishes and engages the impacted departments within the organization and frequently participates in consultation processes conducted by regulatory bodies. In parallel, the team raises emerging regulatory topics towards the compliance function which oversees legal change processes and ensures information of impacted departments.

In the later phases, as details of any emerging regulations become more concrete, oversight of regulatory developments increasingly shifts to the impacted departments. These departments begin to outline and prepare for implementation of the exact organizational changes needed to comply with the law, for example with respect to internal processes or external reporting.

Once a law takes effect it is the responsibility of the impacted department to ensure full adherence, which is further monitored through the compliance function.

For further details, see also section 04.3 Regulatory and pubic affairs.

01.4 Purpose and strategy

01
Introduction

01.1 Message from the CEO
01.2 What we do
01.3 Emerging risks
01.4 Purpose and strategy
01.5 2020 Sustainability highlights

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Our Group strategy is designed to maintain our position as one of the world's leading international insurance and asset management companies. We aim to be the most reliable and caring in our industry while achieving best-in-class in customer satisfaction, employee engagement and sustainability.

Our purpose

Our internal purpose, **'We secure your future'**, expresses our reason for being. It guides our decisions and actions across the Allianz Group based on three key principles:

Stability & Security: Our solidity makes us a reliable partner for long-term planning.

Personal Growth: We empower our customers by giving them sound confidence to take risks.

Societal Impact: We take responsibility for more than our business and are active leaders in driving positive changes and shaping the world for the better.

Group strategy

To live up to our purpose, we set ourselves three strategic objectives in 2018 under the motto 'Simplicity wins'. We seek to:

Outperform our competitors, both old and new, in terms of growth and profitability as well as customer and employee satisfaction;

Transform our organization to become simple, digital and scalable; and

Rebalance our business towards large, profitable and fast-growing geographies and business segments.

The COVID-19 pandemic has accelerated some trends that shape insurance markets, while halting others. The altered environment has reinforced many of our strategic priorities, for example of back-to-front digitalization, simplification and rebalancing of product portfolios. An update to the 'Simplicity wins' strategy will be published in late 2021.

The Renewal Agenda is our implementation plan. We are making good progress with our strategic and transformational initiatives that position us to meet its targets and objectives:

Outperform: We have moved to a system of monitoring, benchmarking and incentives that is designed to make us the best in our respective markets. We use best-in-class benchmarking for shareholder value (e.g. return on equity), customer satisfaction (e.g. Net Promoter Score, NPS®), and employee engagement (e.g. IMIX to measure in how far our people are on board for our transformation journey). We continue to strive towards leadership and shaping the global sustainability agenda (see also section 02.1).

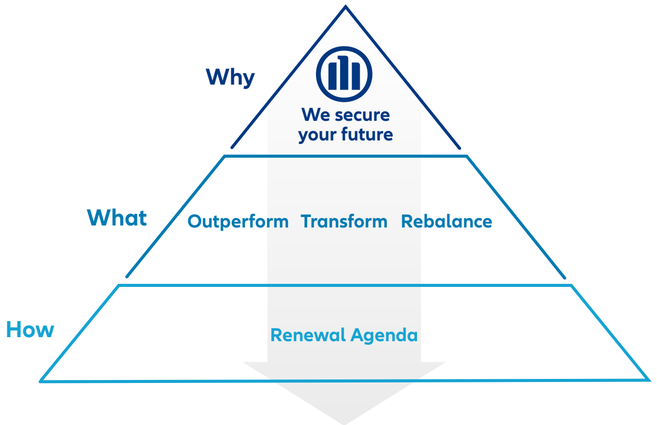
Transform: The Allianz Customer Model (ACM) is our end-to-end global business model that we use to transform Allianz insurance from the inside out. Through the ACM, we aim to offer simple easy-to-understand products, streamline and accelerate our processes (e.g. sales and claims) and move our operations onto a state-of-the-art IT platform. The result will be happier customers, faster innovation and real economies of scale. ACM is a proprietary, principle-based business model that simplifies and harmonizes our global business, transforming it from front-to-back, end-to-end, sales to products and claims to operations. By starting with the customer and recognizing they don't need complex insurance products with multiple variations, ACM breaks with the paradigm of designing insurance from the inside out.

Rebalance: We seek to maintain and consolidate our leading positions in core European markets while growing faster in the largest and fastest-growing global markets for insurance and asset management. To serve the needs of our customers, we are rebalancing our product and services offerings, for example towards health and protection, and our investments – including towards alternative assets.

To deliver on our strategic objectives, we set clear annual targets:

		2021 target	2020 results	2019 results
Performance targets	Earnings per Share (EPS)	Compound Annual Growth Rate (CAGR) 2019–21 5 %	16.48 €	18.90 €
	Return on Equity[1]	> 13 %	11.4 %	13.6 %
Health targets	Net Promoter Score	> 75 % of our entities above market	79 %	70 %
	Inclusive Meritocracy Index (IMIX)	> 73 %	78 %	73 %

1 Represents the ratio of net income attributable to shareholders to the average shareholders' equity at the beginning of the period and at the end of the period. The net income attributable to shareholders is adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity. From the average shareholders' equity undated subordinated bonds classified as shareholders' equity and unrealized gains/losses on bonds net of shadow accounting are excluded.



01.5 2020 Sustainability highlights

01
Introduction
01.1 Message from the CEO
01.2 What we do
01.3 Emerging risks
01.4 Purpose and strategy
01.5 2020 Sustainability highlights

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Climate Action

Net-Zero
commitment to reach net-zero greenhouse gas emissions in our proprietary investment portfolio by 2050
Read more in section 02.2

-62 %
cut in CO_2 emissions from operations since 2010
Read more in section 04.7

€ 6,331 mn
divested or in run-off from coal-based business models since 2015
Read more in section 03.2

Carbon Neutral
since 2012 by investing in projects that offset operational emissions
Read more in section 04.7

Sustainability in our core business activities

€ 39 bn
Sustainability-themed proprietary investments
Read more in section 03.2

€ 1,879 mn
Revenue from sustainable solutions
Read more in section 03.4

€ 232 bn
third party assets under management invested in sustainability/ESG strategies
Read more in section 03.3

232
sustainable solutions
Read more in section 03.4

Societal impact

€ 50 mn
corporate giving in 2020, including through our 12 foundations
Read more in section 04.9

10+ mn
emerging consumers reached with affordable microinsurance and microsavings solutions
Read more in section 03.1.5

Integrating ESG

597
insurance, investment and procurement transactions assessed through the ESG referral and assessment process
Read more in section 02.4

68
direct engagement discussions opened or continued with investee companies
Read more in section 03.2

A fair and inclusive workplace

38.2 %
female managers in the core business
Read more in section 04.1.1

€ 442
training expenses per employee
Read more in section 04.1.2

Principles for Responsible Investment

A+
rating in eight out of nine categories and included in the 2020 Leaders' Group for climate reporting
Read more in section 03.2

78 %
Inclusive Meritocracy Index (business culture)
Read more in section 04.1

For further details on our year-on-year performance and our targets, please see section 06.

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

02 Sustainability strategy and governance

The world continues to change at pace and regulatory pressure is increasing for all businesses, including financial institutions.

Living our purpose – 'We secure your future' – means being a responsible and reputable company to build customer trust, loyalty and shareholder confidence, and to contribute to the societies where we operate.

02.1 Our global sustainability approach

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Sustainability matters continue to be increasingly material for Allianz, as they have for all of our stakeholders. Today, they greatly influence how we run our business. In 2020, the impacts of COVID-19 and high profile climate discussions further escalated the importance of sustainability. Our clear sustainability strategy and approach enables us to understand the risks and opportunities and mobilize our organization and global businesses in response.

Our sustainability strategy shapes the way we run our business together with our roughly 150,000 employees, and how we manage our portfolios, while influencing the wider industry to create real world impact in the economy and for society.

We want to be a leader and role model for integrating sustainable business strategy and developing positive impact, especially in pursuit of a net-zero carbon economy. As a leading financial services company, we ground our strategy in proactive risk management, detecting and addressing risks across our businesses. Through purposeful integration, our strategy builds on the proper management of sustainability-related risks and ensures we capture the positive impacts and opportunities.

In 2020, we continued to strengthen our global sustainability approach and evolved our strategy in light of our group-wide purpose **'We secure your future'**. We took insights from the results of our 2019 materiality assessment and global megatrends such as COVID-19 and sustainable finance regulation.

See Sustainability Report 2019, section 02.5.

To aid delivery of our strategy, we established a central Global Sustainability team as of 01 January 2021 (previously Corporate Responsibility team – see section 02.7.2). It is responsible for group-wide integration of sustainability and aligning the sustainability activities of our local operating entities. We also announced that we will establish a Sustainability Committee under the Supervisory Board in 2021, reflecting the core importance of sustainability at Allianz.

Our sustainability strategy

Our 2025 ambition is to move Allianz from being a leading company in its own right to being a sustainability shaper of our industry and beyond. This is closely linked to our purpose, 'We secure your future'. We will deliver our ambition by fully integrating environmental (E), social (S) and governance (G) aspects into how we run our organization and business segments – Asset Management, P&C insurance, L&H insurance and Proprietary Investments.

E: Low-carbon Economy climate change and decarbonization

We will rigorously pursue decarbonization and net zero emissions at least in line with science-based targets. We do this for our own organization through greenhouse gas (GHG) reductions targets. We do it through our businesses using our roles as an insurer, investor and asset manager to help manage the risks arising from climate change and to promote the low-carbon economy. Throughout 2020, we worked on setting a CO_2 reduction target for a subset of our investment portfolio. This target was announced in early 2021. We continue to broaden our impact through engaging in alliances with the public and private sectors.

S: Societal impact

We will use our roles as an employer, insurer, investor, and corporate citizen to contribute to more inclusive and stronger societies. As an employer, we thank our employees for continuing to serve our clients during the COVID-19 crisis – including during national lockdown periods and while working from home. We passed this test with improved customer satisfaction (NPS) and improved employee satisfaction (IMIX) scores (see sections 04.4 and 04.1). We deliver our societal impact on next generations through Allianz's Corporate Citizenship strategy which promotes social inclusion of children and young people worldwide (see section 02.3).

G: ESG Governance

We will continue to integrate top class principles in how we run our organization and how we conduct our business, shaping sustainability regulations and reporting frameworks through external contributions and commitments. We believe in increased transparency on sustainability matters and, at the start of 2021, we committed to use the World Economic Forum (WEF) Stakeholder Capitalism Metrics (see sections 02.7 and 06.3). Managing material ESG risks and seizing opportunities is fundamental to our strategy while at the same time embedding compliance, responsible sales, transparency, data protection and privacy across our operations. The Allianz ESG approach ensures ESG integration in all insurance business and investments of proprietary assets (see section 02.4).

"We are moving into a new phase of sustainability management where impact is front and center. This means setting and delivering on ambitious commitments, such as our net-zero commitment, and playing a leading role in global partnerships to develop solutions, such as the U.N. convened Global Investors for Sustainable Development Alliance and Net-Zero Asset Owner Alliance."

Line Hestvik
Chief Sustainability Officer
Allianz SE

02.2 Climate change and decarbonization

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Limiting and adapting to climate change is a challenge that requires the collective efforts of governments, businesses, industries and communities around the world. We collaborate with others to leverage the opportunities to drive decarbonization and climate mitigation through our resources, expertise and influence.

As one of the world's largest insurers and institutional investors, we have an opportunity and responsibility to use our global leverage to deliver the Paris Agreement's goals to limit global warming to 1.5°C and ensure a fair transition to a low-carbon future.

We have committed to reach net-zero greenhouse gas emissions in our proprietary investment portfolio by 2050.

Climate change strategy

Since 2005, the Allianz Group Climate Change Strategy has encouraged solutions for tomorrow's climate. It drives our contribution to the U.N. Sustainable Development Goals (SDGs), specifically: SDG 7 Affordable and Clean Energy and SDG 13 Climate Action.

1. We anticipate the risks of a changing climate.

We identify and manage climate-related risks and opportunities as part of our business strategy and financial products and services by:

- Systematically considering climate and sustainability criteria in our insurance and investment business. We stopped financing coal-based business models in 2015 and no longer provide insurance for the construction and/or operation of single coal-fired power plants or coal mines (see section 03.3).
- Committing to fully phase out coal-based business models across our proprietary investments and Property-Casualty insurance portfolios by 2040 at the latest (see section 03.3).
- Improving transparency through climate-related disclosures and aligning our strategy and reporting with the recommendations of the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) (see section 05).
- Maintaining active dialogue with investee companies to define and implement climate strategies (see section 03.3).
- Engaging with policymakers and driving sustainable finance to achieve the Paris Agreement and the SDGs (see section 04.3).

2. We care for the climate vulnerable.

We support our customers to reduce climate-related risks and minimize damage, compensating those who have suffered losses and insuring low-carbon developments. We prioritize collaboration with our peers, governments and civil society to manage climate risks and to 'close the protection gap' in the most vulnerable parts of society. We also support scientific research and innovation that improves society's understanding of climate-related risks.

Find out more on the Climate and Renewables insurance in section 03.1.2.

Find out more about the Allianz Climate Risk Research Award online here.

3. We enable the low-carbon transition.

We collaborate with other asset owners through the U.N.-convened Net-Zero Asset Owner Alliance (AOA) to support companies in their low-carbon transition by advocating for ambitious decarbonization strategies and financing. Our long-term commitment of achieving net-zero GHG emissions in our proprietary investment portfolio by 2050 is now being delivered through the first intermediate target: we aim to reduce our greenhouse gas emissions in listed equities and corporate bonds by 25 percent by 2025 compared to the 2019 level. All our real estate investments will be in line with scientifically based 1.5-degree pathways in terms of total emissions by 2025.

Find out more on the AOA on page 12.

We provide sustainable solutions for customers, including insurance that supports renewables and energy efficiency around the world. We also strategically invest in low-carbon assets, including renewable energy, green buildings and green bonds.

Through the RE100 initiative, we have committed to minimize the environmental impacts of our business operations. We are working towards sourcing 100 percent renewable power for our group-wide operations by 2023.

Find our disclosure on climate-related risks and opportunities in section 05.

02.2 Climate change and decarbonization

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Collaborating for a sustainable future...
...by driving progress towards net-zero emission investments

U.N. Convened Net-Zero Asset Owner Alliance

The financial sector has a crucial role to play in enabling a low carbon future. As asset owners, we are uniquely positioned to shape the global economy and financial systems. We can drive the development of industry best practices through our investments by decarbonizing investment portfolios and supporting GHG emission reductions in the real economy.

Allianz is a founding member of the U.N.-Convened Net-Zero Asset Owner Alliance (AOA). Launched in 2019, it is mobilizing the world's largest asset owners – such as pension funds, insurers and sovereign wealth funds – to bring investment portfolios to net-zero by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial temperatures.

By the end of 2020, the Alliance had grown to include 33 asset owners from around the globe, representing assets under management of over 5 trillion U.S. dollars. New members that joined during the year include the insurance companies Generali, QBE and Munich Re, the German sovereign wealth fund KENFO, or the U.S.-based pension funds of Wespath and the U.N. Joint Staff.

Members are committed to set intermediary decarbonization targets every five years for their portfolios. All members[1] have now carried out and disclosed portfolio baseline assessments and have defined an intermediary five-year target for 2025. They will now work together to define best practice to reduce GHG emissions in their portfolios.

To achieve meaningful impact, members' portfolio transition to net-zero should lead to emission reductions in the real economy. They are engaging with portfolio companies and asset managers, directly and through concerted sector roundtables, and with governments and public policies to finance the transition.

In 2020, the Alliance published a position paper on how the COVID-19 recovery can be used to get back on track with climate goals and accelerate the transition to a zero-carbon economy

Read the full paper here.

The Alliance will report publicly on progress against targets with the first joint report to be published by December 2023.

"Climate change is the defining risk of the 21st century, set to impact societies and economies, and therefore investment portfolios and business models. Net-Zero Asset Owner Alliance members must enhance their investment process such that all decision-making reflects emission effects. This way we start out by truly changing ourselves and then work with other companies to achieve change and real world impact."

Günther Thallinger
Chairperson of the Group ESG Board
Allianz SE
Chairperson of the U.N. Net-Zero Asset Owner Alliance

Find out more online:

U.N. Environment's AOA Website.

Allianz's AOA Website.

1 Apart from the most recent joiners.

02.3 Creating societal impact

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

We believe that business can only thrive as part of an equitable society. Collective social responsibility has never been so important. We must come together to create and scale our positive societal impact through collaboration and engagement, especially for next generations.

Our approach to corporate citizenship combines a long-term vision with the ability to quickly mobilize local resources to create a lasting impact for global society and local communities. In 2020, the pandemic shone a spotlight on systemic societal challenges such as unemployment, poverty and inequality and added to social divide and civil unrest.

In recognition of this and in response to stakeholder feedback as part of our materiality assessment (see section 02.5), we refined our strategy in May 2020. It is centered on the mission: to drive transformative changes that foster and enable self-sustained livelihoods of the next generations.

The evolution of the Allianz Corporate Citizenship Strategy is a natural result of our Encouraging Future Generations Program, launched in 2016. It supports our contributions to the SDGs, primarily: SDG 1 No Poverty, SDG 3 Good Health and Well-being and SDG 8 Decent Work and Economic Growth.

The strategy provides a framework for all corporate citizenship activities worldwide and is implemented through global and local initiatives. We deliver its mission through our insurance and investment businesses and as an active member and partner of society by sharing our expertise and skills, working with community organizations (including our corporate foundations) and making donations.

The strategy sets ambition for 2025 and aims to further mobilize efforts and resources at global and local levels to create lasting impact for communities, especially for the next generations.

Our strategy to broaden our focus on the next generations

In 2019, the world population consisted of more than 2.2 billion children and 1.2 billion youth. These young people are the leaders, employees, customers and investors of tomorrow. We are uniquely aware that the decisions we make today will shape their lives in the future. Pension systems, environmental and climate protection and investments in education all have long-term consequences for the next generations. We have the opportunity to use our scale and expertise as a global investor and insurer to enable the next generations to survive the economic and social impacts of the pandemic and other systematic social risks.

Read more about how we translate our strategy into action in section 04.9 and online.

Allianz Corporate Citizenship Strategy

In our corporate citizenship strategy, we have broadened our focus based on material topics where Allianz can make an impact as an insurer, investor and employer such as building resilient societies against prevalent risks, expanding our expertise in health for Next Generations´ well being, contributing to an inclusive future with equal opportunities for all.

Through our focus within Corporate Citizenship strategy we aim to reach under-served, vulnerable and low-income populations and work in partnership with others to scale our positive impact (see section 03.1.5). We support communities to increase their resilience to disasters and conflicts and we contribute to building resilience of young people through education and career support initiatives, such as YouthCan![1] (see section 04.9). In addition to our healthcare products and services, we incentivize healthy lifestyles, encourage preventive measures and offer services that promote physical and mental well-being for our customers. We also develop initiatives that focus on improving the physical and mental well-being of the communities in which we operate to advance social cohesion (see section 04.9). As a company committed to fostering diversity and inclusion, we shape and promote an inclusive culture across all our businesses and countries (see section 04.1.1).

Our corporate citizenship activities are designed to provide the next generation with the confidence and skills they need to lead meaningful lives and to be valued members of society (see section 04.9).

Read more on Allianz's Corporate Citizenship Strategy on our website.

1 A program of SOS Children's Villages International.

02.4 ESG business integration

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

We believe in addressing the issues that impact value creation for all stakeholders. Our commitment to tackling environmental, social and governance (ESG) topics looks to embed sustainability everywhere – in the actions and decisions impacting our own operations as well as our insurance, investment and asset management activities.

We manage ESG considerations diligently across our businesses to manage ESG risks and capture ESG opportunities. It drives us to create sustainable products and services, collaborate with clients and investees to deliver real-world benefits, and direct capital flows towards sustainable outcomes.

Our industry-leading approach integrates ESG concerns by applying group-wide corporate rules and ESG processes across all relevant underwriting, investment, asset management and operations activities. This means continuously increasing and strengthening the collaboration between the relevant functions and business areas across Allianz Group.

Through 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, ESG considerations are embedded across the business. The publicly available Allianz ESG Integration Framework further increases transparency around internal ESG-related processes and guidelines.

ESG integration is not only about managing risks from ESG topics – we also see clear opportunities for offering sustainable products and services that create added value.

Find out more on our sustainable solutions approach in section 03.4.

Read more on the ESG Integration Framework here.

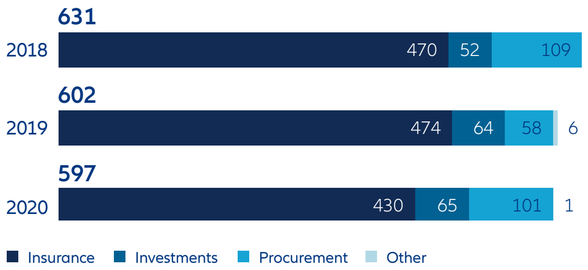
What is ESG and why it is important?

ESG refers 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 ESG 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, ESG risks can have significant repercussions for Allianz, its customers, its suppliers, and invested companies. These span legal and reputational risks, supply chain and business disruption risks, quality and operational risks, and financial risks.

ESG factors can also represent business opportunities, such as insuring and investing in renewable energy or affordable housing to supporting the energy transition through insurance.

ESG referral and assessment process
number of assessments by category



Regulation as a driver of ESG

We believe a certain level of regulation is necessary to drive integration of ESG considerations in business activities and we actively engage in their development. We are focused on a number of workstreams to address new regulatory and supervisory requirements – see Regulatory and Public Affairs (section 04.3).

Embedding ESG in insurance, proprietary investments and operations

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

ESG referral process, sensitive business guidelines and sensitive countries

We integrate ESG processes for P&C insurance, including ESG screening, referrals and assessments for sensitive business areas, through the Allianz Standard for Reputational Risk Management and group-wide underwriting standards. Similar processes are applied in other parts of the insurance business and operations such as procurement. Our internal audit functions and underwriting integrity and governance teams regularly review these ESG processes.

We also apply this ESG referral and assessment process and guidelines for unlisted proprietary investments. Furthermore, for procurement activities, a negative answer to ESG screening questions in the vendor integrity screening triggers an ESG assessment.

Every transaction is screened by the respective operating entity to identify potential ESG concerns. If a risk is identified, the case is referred to the appropriate group-level ESG function for a more detailed assessment.

In 2020, group-level ESG functions conducted 597 assessments based on the ESG referral and assessment process and guidelines (2019: 602 assessments). 60.5 percent of cases were approved and 31.8 percent were approved subject to certain mitigation measures or conditions. 7.7 percent were declined or not pursued (for details see Tables ESG-1 to 3).

02.4 ESG business integration

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

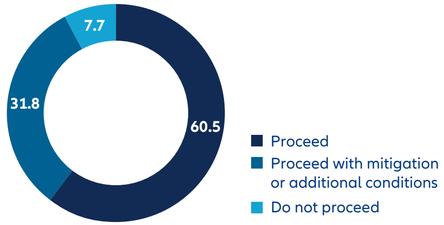
03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

ESG assessment results
% of assessed transactions in 2020



ESG scoring and engagement approach

For ESG integration in listed proprietary assets, established processes such as the ESG scoring approach are designed to manage ESG risks and opportunities in Allianz's portfolio.

Other tools that help integrate ESG into business processes include:

- ESG exclusions such as coal-based business models and controversial weapons[1];
- Integration of ESG criteria in asset manager selection and monitoring;
- Sustainability-themed investments such as renewable energy, green real estate, and green bonds; and
- Regular dialogue and exchange with our insurance clients, investee companies, asset managers.

See the Allianz ESG Integration Framework for additional details on all ESG integration processes at Allianz Group.

See sections 03.1 and 03.2 for additional details on these processes for insurance activities and our proprietary investments.

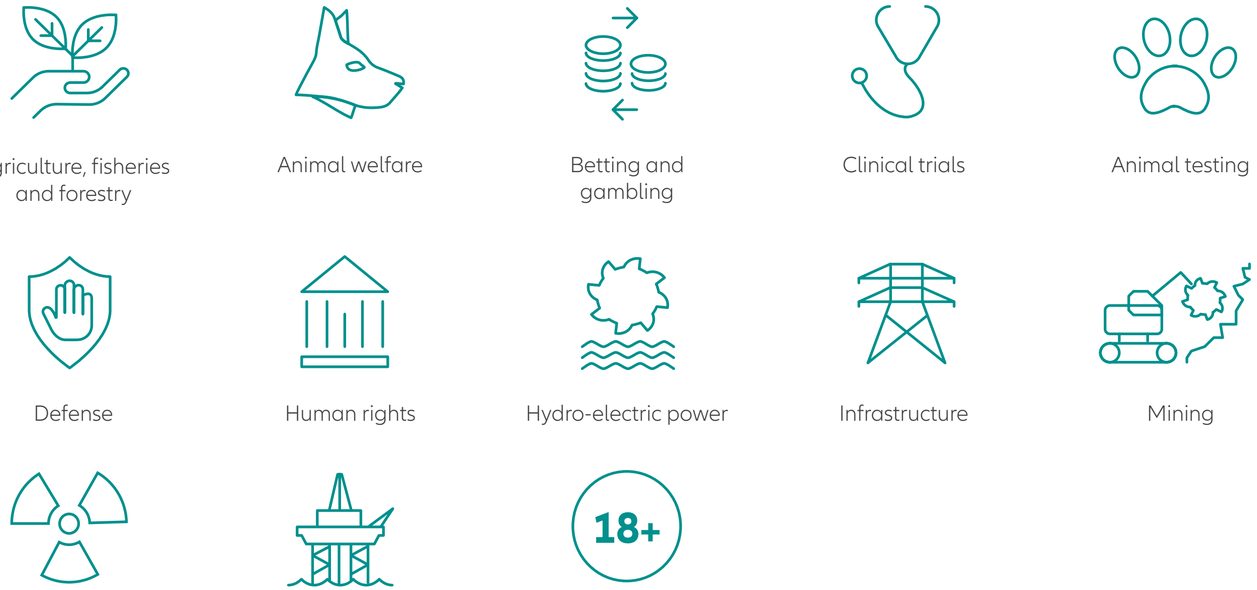
ESG in asset management

Our asset managers, AllianzGI and PIMCO, continue to expand their ESG capabilities and product offerings. They actively support asset management clients by developing tailor-made solutions to integrating ESG considerations in the investment of portfolios.

Both entities have published reports outlining their responsible investment activities.

For further details, see section 03.3.

Our 13 sensitive business areas



For further details, please see the Allianz ESG Integration Framework.

1 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).

GRI
102-12, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47

02.5 Materiality

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

To succeed and make a positive impact on society, we need to understand and respond to the changing world around us. Our materiality assessment identifies the sustainability issues that are perceived as being most important to our stakeholders and our businesses.

We use outcomes of the materiality assessment to inform our sustainability approach, strategy and reporting. This drives us to focus on the risks, opportunities, issues and impacts that matter most to our stakeholders, and which we have the ability to influence.

Our most recent materiality assessment was carried out in 2019.

For information on the process and outcomes, please refer to our Sustainability Report 2019, section 02.5.

Our top three material topics in 2019 were:

- Climate change
- Environmental and social products
- Environment

While we did not conduct a new materiality assessment in 2020, we reviewed the 2019 results with colleagues from Group Regulatory and Public Affairs, Group Economic Research and Global Sustainability in light of the COVID-19 pandemic and other developments. The aim of this review was to understand the impact of these issues on our strategy and to further shape our reporting.

The following table outlines the strategic material topics identified through our 2019 assessment. These topics are presented in order according to their level of materiality for stakeholders (see Sustainability Report 2019, section 02.5). We have summarized how each topic has been, or may potentially be, impacted by the pandemic and other major developments in 2020.

Our material topics

High materiality •••• to Medium materiality •

Strategic Material Topic Level of Materiality	Developments in 2020
1 Climate change ••••	• Climate change continues to be high on the agenda both for Allianz and our stakeholders (see section 02.2 Climate change and decarbonization). • While the immediate global response to the COVID-19 pandemic led to a sudden short-term reduction of GHG emissions the need to retain a long-term focus is clear.
2 Environmental and social products[1] ••••	• Regulatory developments such as the Sustainable Finance Disclosure Regulation and the Taxonomy Regulation at European Union level are further driving the integration of ESG considerations across our product offering. • Market research by Allianz Germany has shown an increase in consumer demand for sustainability-focused financial service products. Similar trends have been observed in other markets.
3 Environment ••••	• COVID-19 radically changed the way we work (see section 04.1 Human resources) and interact with our customers. These changes impact on our environmental footprint as an organization.
4 Employees and workplace •••	• COVID-19 accelerated the transition to the New Work Model. Among other initiatives, this resulted in the development of global remote working guidelines for office, remote and hybrid-virtual workers (working remotely approximately half of the time, see section 04.1 Human resources). • Topics like well-being, safety and mental health, teleworking and work-life balance have become priorities and these are referenced throughout this report. • Diversity and inclusion has become even more relevant as the COVID-19 pandemic has disproportionately impacted minority groups such as women, LGBT+ employees and people of color.
5 Human rights •••	• Human rights matters remain high on the agenda of NGOs and increasingly appear on the agenda of legislative and regulatory bodies (see sections 02.8 Our commitment to human rights and 04.8 Sustainable procurement). • At the German and E.U.-level, human rights due diligence legislation is being discussed. France has already passed due diligence requirements. The U.K. is working on tightening its Modern Slavery Act and Australia has passed similar legislation.
6 Social/financial inclusion •••	• Potential impacts related to growing rates of unemployment worldwide make our contribution to addressing inequalities all the more important (see section 02.3 Creating societal impact).

1 Integrating ESG in insurance and investments, sustainable insurance and asset management products, sustainable and responsible investing.

02.5 Materiality

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Our material topics

High materiality •••• to Medium materiality •

Strategic Material Topic Level of Materiality	Developments in 2020
7 Customer innovation •••	• We were already digitizing and innovating for our customers and the pandemic has further increased demand for simple and intuitive products – including remote services. We expect this trend to continue (see section 04.4 Customer satisfaction).
8 Natural disasters •••	• The pandemic increased awareness of emergency preparedness, resilience measures and business continuity management. This will have a long-term impact on being better prepared for natural disasters (see section 03.1.3 Natural catastrophes).
9 Data privacy ••	• Digital customer interactions require increased focus on data privacy. Many of our interactions have become more virtual – both between colleagues and with our clients. • Managing our customers' privacy has become even more important as interactions move into the digital sphere. Managing with our customers' data in an ethical way has also increased in importance (see section 04.2.1 Data protection and privacy).
10 Social and political unrest ••	• The global pandemic has changed the geopolitical situation in many countries driven by political tensions and instability or internal conflicts. This is an ongoing situation that societies will need to navigate.
11 Ethics ••	• Business ethics and responsible conduct continue to be important topics in terms of transparency, compliance, risk management and reputation (see section 04.5 Compliance).
12 Cyber risks ••	• COVID-19 has further increased the impact of cyber incidents and attacks as more activities move online (see section 03.1.4 Cyber security).
13 Safety risks ••	• Customer safety and product safety and quality remain top priorities for Allianz. Safety risk is directly related to business interruption, which has been highly impacted by COVID-19.
14 Customer satisfaction ••	• As a financial service provider, we continue to digitalize our customer interactions (see section 04.4 Customer satisfaction). • Social distancing measures have required the enabling of customer facing staff to continue to provide excellent customer service through online channels.
15 Animal welfare standards •	• This issue continues to be important with the relationship between animal welfare around the world and future pandemic risk a topic of debate.
16 Health •	• The topic of health, including physical health and mental health, increased in importance for stakeholders such as employees and customers due to the pandemic (see section 04.1 Human resources and the Group Annual Report 2020, Non-Financial Report, Employee matters). • Access to healthcare and health system stability have risen up as topics of importance and will likely continue to increase in importance.
17 Demographic change •	• This continues to be a long term underlying issue.
18 Charitable and community support •	• Charitable work and community support became even more important during the pandemic. • In some instances, charity programs have needed to be adjusted in response to both pandemic-related disruption and changing societal needs (see section 04.9 Societal impact).

GRI
102-12, 102-40, 102-42, 102-43, 102-44

02.6 Stakeholder engagement

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Effective stakeholder engagement and collaboration is crucial to our ability to respond to sustainability challenges and opportunities. Understanding stakeholder needs enables us to design products and services that scale our positive impact and contribute to tackling societal issues such as climate change and social inclusion.

As a multinational business, the challenges we face are broad and complex. We use 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		How we engage[1]	
Investors	We engage with investors to communicate our sustainability strategy and performance, enabling them to make informed decisions about their investments and for our businesses to understand their expectations.	• Annual General Meeting • Dialogs and roadshows • Ratings and benchmarks	• Website, Sustainability Report, rating results e.g. DJSI
Customers s	Feedback from customers helps us improve our products, services and processes and offer easy and adaptable solutions.	• Customer surveys and dialogs • 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
Society	Given the pace and scale of global change, we must work together with businesses, governments and institutions to identify sustainable solutions and drive positive change.	• Partnerships for civic engagement • Thought leadership on global issues • Panel discussions and roundtables • Foundations, donations and volunteering	• Press events, journalist surveys and roundtables • Formal dialogs with NGOs and ESG professionals
Employees	Employees who are engaged with and committed to their jobs generate long-term value for businesses. We continuously seek and respond to employees' views, ideas and concerns.	• The Allianz Engagement Survey (AES) • Employee dialogs and networks • Corporate volunteering programs • Events for employees (including the Allianz Sustainability Forum)	

1 Due to COVID-19 restrictions, some of the events and engagements took place in a virtual form.

GRI
102-12, 102-13, 102-40

02.6 Stakeholder engagement

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Partnerships for change

We believe in the power of collaboration and view long-term partnerships as instrumental to delivering positive change. Allianz's businesses are signatories to and members of a wide range of global sustainability initiatives and principles.

Memberships
Founding member, The U.N. Convened Net-Zero Asset Owner Alliance (AOA)
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 and Guardian, Vatican Council for Inclusive Capitalism
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 Measuring 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)
Partnerships
Partnership with the German Corporation for International Cooperation (GIZ)
Partnership with SOS Children's Villages International
Partnership with World Clean Up Day

Additional strategic partnerships include:

Sustainable Development Investment Partnership (SDIP) we are an active member of this partnership which aims to scale the use of blended finance in sustainable infrastructure investments in developing countries.

Worldwide Olympic & Paralympic Partnership – Allianz officially began its eight-year Worldwide Insurance Partnership with the Olympic & Paralympic Movements on 1 January 2021, building on a collaboration with the Paralympic Movement since 2006.

Since announcing the partnership in September 2018, the insurer has engaged fans, athletes, teams and employees through health across four pilot markets. Allianz will also support the Movements with tailored insurance solutions and services.

02.7 Our sustainability governance

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
— Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

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 ESG and deliver sustainable outcomes across our global business and organization.

02.7.1 Governance

Group ESG Board

Established in 2012, the Group ESG Board is the principal governing body for sustainability-related issues at board-level. It is made up of Members of the Allianz SE Board of Management and the Heads of Group Communications and Reputation[1], Group Compliance, Group Risk[2], and Global Sustainability[3].

The Group ESG Board meets quarterly and is responsible for ensuring ESG integration across all business lines and core processes dealing with insurance and investment decisions. It takes ownership of sustainability and climate-related topics and associated stakeholder engagement. Corporate functions provide regular updates on sustainability-related issues directly to the Group ESG Board.

In addition to the Group ESG Board, several committees play an important role in Allianz's decision-making processes:

- The Group Finance and Risk Committee oversees risk management and monitoring including sustainability risks. It is the escalation point for ESG-related transactions as part of the ESG Referral and Assessment process.
- The Group Underwriting Committee monitors the underwriting business, its risk management and development of underwriting policies and strategies. This includes the integration of ESG in these processes.
- The Investment Management Board monitors the investment approach for the group's proprietary assets and sets the high-level agenda for investments, including the ESG integration approach.

Allianz SE Board members represented on the Group ESG Board

Günther Thallinger

- Member of the Board of Management of Allianz SE since 01 January 2017, responsible for Investment Management, ESG
- Member of the Group ESG Board since 01 January 2017, Chair of the Group ESG Board since 01 January 2018
- Chair of the U.N.-convened Net-Zero Asset Owner Alliance since 01 September 2019

Jacqueline Hunt

- Member of the Board of Management of Allianz SE since 01 July 2016, responsible for Asset Management and U.S. Life Insurance
- Member of the Group ESG Board since 01 July 2016

Barbara Karuth-Zelle

- Member of the Board of Management of Allianz SE since 01 January 2021, responsible for Operations, IT
- Member of the Group ESG Board since 01 January 2021

Klaus-Peter Röhler

- Member of the Board of Management of Allianz SE, Insurance German Speaking Countries and Central & Eastern Europe
- Member of the Group ESG Board since 01 April 2021

Christopher Townsend

- Member of the Board of Management of Allianz SE since 01 January 2021, responsible for Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa
- Member of the Group ESG Board since 01 January 2021

Aylin Somersan-Coqui

- Chief Risk Officer of Allianz SE
- Member of the Group ESG Board since 01 September 2020, permanently represents **Giulio Terzariol** (Member of the Board of Management of Allianz SE, responsible for Finance, Controlling and Risk Management)
- Member of the Group ESG Board since 01 January 2021

Christof Mascher

- Chief Operations Officer, Member of the Board of Management of Allianz SE responsible for Operations, IT, from 01 September 2009 until 30 December 2020
- Member of the Group ESG Board from 01 September 2020 until 31 December 2020

Niran Peiris

- Member of the Board of Management of Allianz SE responsible for Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa, from 01 January 2020 until 31 December 2020
- Member of the Group ESG Board from 01 September 2020 until 31 December 2020

1 Group Center was named Group Communications and Corporate Responsibility until 31 December 2020.
2 The Head of Group Risk also represents the Member of the Board of Management for Finance, Controlling and Risk Management (CFO).
3 Part of Group ESG Board as of 01 January 2021.

02.7 Our sustainability governance

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
— Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Collaborating for a sustainable future... ...linking ESG performance with Board remuneration

For 2020, Allianz's Supervisory Board first decided to link Allianz SE Board of Management remuneration to specific ESG targets. Board members' individual contribution factor looked at progress towards emission-related environmental targets and net-zero GHG emissions for both proprietary investments and Allianz Group operations. These targets were achieved for 2020.

For 2021, the variable component of Board member's remuneration (individual contribution factor) will take into account the following sustainability-related elements:

- Decarbonization of Allianz operations 14 percent reduction of greenhouse gas (GHG) emissions per employee by 2021 from a 2019 baseline.
- 70 percent renewable electricity as share of total electricity consumption in 2021.
- Develop operative implementation plan to reach minus 25 percent CO_2 emissions (scope 1 & 2 of investee companies according to GHG Protocol) absolute reduction on public equity and listed corporate debt by 2025 from a 2019 baseline.
- Ensure strong sustainability position in three major sustainability ratings.

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 2020, Remuneration Report, page 23–45.

ESG task forces

Addressing sustainability matters requires cross-functional collaboration and support that spans our global operations. We have established dedicated ESG Task Forces to integrate sustainability matters across the core processes of Allianz SE. They are led by senior executives from different functions to ensure top-level alignment and buy-in.

ESG Task Force	Sponsor
Corporate responsibility disclosures	Head of Group Accounting and Reporting, Allianz SE
Environmental management	Head of Group Operations and Performance, Allianz SE
ESG integration in communication and in branding / marketing	Head of Group Communications and Corporate Responsibility, Allianz SE
ESG integration in investments	Managing Director, Allianz Investment Management SE
ESG integration in underwriting	ESG Working Group (including representatives Group ESG Office, Global P&C, Allianz Re, Allianz Global Corporate and Specialty, Euler Hermes, Allianz Germany and other P&C entities)
Operating entity collaboration	Head of Group Communications and Corporate Responsibility, Allianz SE
Sustainability ratings	Member of the Board of Management, Investment Management and ESG, Allianz SE
Societal impact	Member of the Board of Management, Human Resources, Legal, Compliance, Mergers & Acquisitions, Allianz SE
Sustainable finance regulation	Head of Group Regulatory and Public Affairs, Allianz SE Head of Asset Manager Management, Governance and Compliance, Allianz Investment Management SE

02.7 Our sustainability governance

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
— Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

02.7.2 Sustainability management

Until 31 December 2020, the Group Corporate Responsibility (CR) function was responsible for managing the strategic framework that drives group-wide sustainability activities. The CR function was part of Group Communications and Corporate Responsibility (GCORE), under the responsibility of the CEO's division of Allianz SE.

In January 2021, responsibility for Allianz's ESG agenda shifted to a new Global Sustainability function, headed by our Chief Sustainability Officer (CSO) who reports to the Chairperson of the Group ESG Board. The move to a standalone sustainability function demonstrates the increasing importance of sustainability topics to Allianz.

Global Sustainability supports Allianz operating entities to effectively integrate the Group's strategic sustainability approach and policies into their business processes. Its scope includes sustainability governance and external reporting and rating requirements.

Managing sustainability across our global organization

The Global Sustainability function works with an expansive network of sustainability experts located in Allianz's operating entities globally who support the implementation of the group-wide sustainability approach. They include:

- ESG Leads responsible for assessing ESG-related transactions;
- Local Environment Officers responsible for managing the environmental footprint of our operations;
- Non-Financial Data Coordinators responsible for sustainability reporting; and
- Corporate Citizenship/Societal impact Coordinators who drive social impact activities and partnerships.

The network helps to share best practice and scale positive impacts across the organization.

Local sustainability governance is key for reaching our ambition

02.7 Our sustainability governance

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
— Transparent reporting
— Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

02.7.3 Transparent reporting

Allianz bases its management approach and reporting on voluntary international standards and guidelines such as the Global Reporting Initiative (GRI) and various sustainability indices. We continually monitor developments in reporting standards and regulations, including initiatives by the World Economic Forum (WEF), the European Commission and the Sustainability Accounting Standards Board (SASB).

Additional details on our reporting standards, scope and materiality can be found in section 06.8.

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 World Economic Forum's Stakeholder Capitalism Metrics. We actively encourage our stakeholders and business partners to consider adopting the metrics for their own reporting.

As part of our commitment to promote transparent and comparable reporting, we are including an overview of our disclosures based on the Stakeholder Capitalism Metrics in this report in a WEF Content Index. While most indicators are already included in our 2020 disclosure, we also present a timeline for disclosure of the remaining metrics. Some metrics we do not consider material for us as a financial services company. In these cases explanations for these omissions are provided.

Our WEF Content Index can be found in section 06.3.

For further details on the Stakeholder Capitalism Metrics, please see the WEF website.

Non-Financial Report

In compliance with the German implementation of the E.U. Non-Financial Reporting Directive (2014/95/EU), we publish relevant non-financial information within the Governance section of the Group Annual Report. This so-called Combined Separate Non-Financial Report is approved by the Supervisory Board of Allianz SE and assured with reasonable assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC).

The indicators reported in the Non-Financial Report 2020 that are assured with reasonable assurance are GHG emissions per employee, renewable electricity, Net Promoter Score (NPS) and the Inclusive Meritocracy Index (IMIX).

For further details, please see the Allianz Group Non-Financial Report 2020.

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 2020 Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information (section 06.9).

02.7.4 Sustainability ratings and performance

Sustainability ratings promote transparency and trust among customers, investors and other stakeholders. We strive to be a sustainability leader in our sector, and we take part in sustainability ratings and industry benchmarks to improve our performance and transparency.

As an investor, we rely on these ratings as part of our long-term ESG integration approach for proprietary investments and for the responsible investment products offered to our asset management customers.

Sustainability Rating	Our performance
DJSI	We are one of the longstanding members of the Dow Jones Sustainability Index and we were ranked as number four in our sector in 2020, scoring 87 out of 100 points (Silver Class).
MSCI ESG	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.
ISS ESG	We received Prime status in 2020, which ranks us among the world's most sustainable companies in our industry.
ISS quality score	We received the highest rating in the ISS Quality Score for the environment and social pillars in 2020.
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.
FTSE4Good	We are one of the longstanding members and we were ranked among the top 8 percent of our sector in 2020.
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.
CDP	We have participated with our climate change CDP submission since 2011. In 2020, we achieved an A- rating.
Sustainalytics	We achieved leadership status and first position at a sub-industry level in 2020 assessment.
Bloomberg gender equality index (listing)	For the fifth year running, we were included in the list of 325 companies from 42 counties and regions across 50 industry sectors in 2020.
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.
Financial Times diversity leaders (ranking)	Allianz ranked #108 in 2020 (up four since 2019) among Europe's most inclusive companies – as ranked by employees looking at diversity of gender, age, ethnicity, disability and sexual orientation in their workforces.

Our rating performance is updated regularly over the course of the year. For our most recent results, please see our website.

02.8 Our commitment to human rights

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

We stand for respect for human rights as a minimum standard for responsible business, both within and beyond our direct operations. We proactively tackle human rights issues that could be impacted by our business and this is an expectation that is reflected by expanding legislation.

Business impacts on human rights can occur in many ways, including, but not limited to: employee rights and worker safety; use of forced or child labor; discrimination; environmental impacts; consumption of natural resources; controversial weapons; and impacts on local communities.

The U.N. Guiding Principles on Business and Human Rights provide a framework for responsible business operations and activities. We are committed to respecting these standards and we have been a participant in the U.N. Global Compact (UNGC) – which, through its ten principles, covers human rights, labor standards, environmental protection and anti-corruption, since 2002. We annually communicate our progress on these principles.

Read our UNGC Communication on Progress.

In the German context, Allianz adheres 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.

Integrating human rights into our core business

As a corporate insurer and investor, our human rights due diligence process forms part of our overall ESG approach which is integrated into our broader risk management system (see section 02.6). 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 12 sensitive business areas where relevant, to ensure that human rights is a part of the overall risk assessment for insurance and investments in non-listed asset classes. We also maintain a mandatory referral list for sensitive countries where systematic human rights violations occur. For business transactions located in these countries, we do explicit due diligence in accordance with our human rights guideline that covers various human rights violations.

In 2020, 32 ESG referrals were assessed under the Human Rights guideline. Additional details on these human rights assessments can be found in Table ESG-3.

In terms of investor engagement, if we identify an issuer in our listed investment portfolio that is flagged for human rights issues by our external ESG data provider, we prioritize this issuer for a systematic engagement (see more in section 03.2).

Allianz aims to identify, prevent or mitigate adverse human rights impacts linked to our business activities and operations, including our supply chain.

We are committed to respecting human rights in line with the U.N. Guiding Principles for Human Rights and as set out in the Labor Standards of the International Labor Organization (ILO).

Respecting human rights as an employer

As an employer, we apply the Universal Declaration of Human Rights throughout our worldwide operations. We have integrated the 10 principles of the UNGC into our globally binding Code of Conduct. We also respect the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

We endorse 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 approach as an employer. In 2020, Allianz's CEO Oliver Bäte signed a pledge to support the U.N. Women's Empowerment Principles. This was followed in October by Allianz signing 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.

For more details on employee rights, gender equality and diversity initiatives, see section 04.1.

02.8 Our commitment to human rights

01
Introduction

02
Sustainability strategy and governance

02.1 Our global sustainability approach
02.2 Climate change and decarbonization
02.3 Creating societal impact
02.4 ESG business integration
02.5 Materiality
02.6 Stakeholder engagement
02.7 Our sustainability governance
Governance
Sustainability management
Transparent reporting
Sustainability ratings and performance
02.8 Our commitment to human rights

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Respecting human rights in our operations

Human rights due diligence in our operations is also part of our ESG referral and assessment process. For procurement activities, a negative answer to ESG screening questions in the vendor integrity screening triggers an ESG assessment at Group level.

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 department works with current and potential suppliers to ensure they abide by the ESG standards outlined in the Allianz Code of Conduct which align with ILO standards and the principles of the UNGC. 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 in regard to human rights issues in accordance with the Modern Slavery Act in 2020.

Read the Allianz Group Statement on Modern Slavery.

Read the Allianz Group Code of Conduct.

Integrating human rights into our corporate citizenship activities

Respect for human rights is also a core principle of our corporate citizenship activities, especially around the rights of children and youth (see section 04.9).

Our international network of 12 Allianz-affiliated corporate foundations aim to help tackle societal challenges to safeguard the future for the next generations. This network includes the Allianz Environmental Foundation, which is dedicated to responsible environmental management, and the Allianz Cultural Foundation, which works to promote intercultural dialogue and cooperation among young people.

When Allianz donates to or partners with charitable organizations, recipients must uphold our human rights standards. The Internal Allianz Guidance for Charitable Donations and Memberships (Corporate Giving) stipulates that corporate giving can only be made to organizations that meet the principles set out in the Allianz Group Code of Conduct.

Looking ahead

Over the coming year, we will continue to apply ESG Sector Guidelines and Human Rights Guidelines for sensitive countries across all business lines and core processes dealing with insurance, investment and procurement decisions.

We aim to further strengthen our approach to human rights integration in our core business and organization. This includes bringing our approach on Human Rights under a unified Human Rights Statement embedded in the Allianz Group ESG Integration Framework.

Read the Allianz Group ESG Integration Framework.

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

03 Sustainability in our core business activities

As a global insurer and a responsible investor and asset manager, we aim to drive sustainable outcomes everywhere. We embed sustainability in our core business processes to manage risks and capture opportunities.

Sustainable innovation is a significant business opportunity and we collaborate with others to develop sustainable products and services for a more sustainable society.

€ 39.3 bn
Sustainability-themed proprietary investments

€ 1.9 bn
Revenue from 171 sustainable solutions in the insurance segments

03.1 Sustainability in insurance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
— Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Our expertise in insurance, risk management, consulting and assistance services enables us to manage risks and develop solutions for a sustainable future. We add value through dialogue with our stakeholders and by sharing our expertise to improve overall risk awareness and mitigation in the insurance sector.

03.1.1 Integrating ESG in insurance

Embedding ESG considerations into our insurance business means we are better placed to manage risks and opportunities to support sustainable development. Our risk exposure is mostly indirect through the risks Allianz carries for its insured clients. We embed a strong ESG risk management approach throughout our underwriting processes to manage exposure to such risks.

Our ESG referral and assessment process ensures risks are identified, assessed and managed (see section 02.4). The process is integrated into our overarching risk management framework that is applied to all insurance business globally, whether we are the lead insurer or acting as part of a panel.

When our insurance underwriters identify an ESG risk, they refer the case for assessment to 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 ESG risks including but not limited to environmental impacts, human rights violations (see section 02.4), and poor health and safety performance. 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, and unmitigable ESG issues are identified, the transaction may be declined.

In 2020, 430 insurance transactions were assessed for ESG risks, a slight decrease compared to 2019 (474 transactions). This decline from 2019 is in line with our public commitments on coal-based business models and a more stringent approach to our risk appetite, resulting in a lower number of transactions in these business areas, which had previously been referred. See Tables ESG-1 to ESG-3 for additional details.

ESG 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. In 2020, we launched an updated training module to support our underwriters in understanding and identifying ESG risks.

In the first half of 2020, Group Audit and several operating entity audit functions conducted an internal audit program to review the status of ESG integration across several large operating entities, including Allianz SE. The audit recommendations have been used to improve the approach for dealing with ESG risks across our (re) insurance business locally and at Group level.

In late 2020, we kicked off a Group-wide project including Global Sustainability, AGCS ESG Business Services, global and local underwriting functions to develop the next level of ESG integration processes. The project takes into consideration the ESG Underwriting Guidance co-developed with the United Nations Environment Program Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI).

Further information about the Allianz ESG approach and processes relating to our insurance business can be found in the Allianz ESG Integration Framework.

Commitment to the UNEP FI Principles for Sustainable Insurance (PSI)

We are a signatory of the UNEP FI PSI and we submit an annual Disclosure on Progress.

As part of a PSI-convened group with 21 other insurance industry companies, we have been working on an insurance industry approach to implement the TCFD requirements. Together, we published the first guidance on how to analyze the impact of climate scenarios for different types of insurance products (e.g. personal, Property-Casualty, Life/Health, reinsurance, etc.).

Read the new guidance is available here.

Adding value through research and engagement

To maximize our influence and scale our positive impact, we apply our ESG expertise to our own risk management and underwriting due diligence and to that of our clients, brokers and business partners. Our consulting services enable clients to identify and assess their material ESG risks.

We conduct in-depth research to stay ahead of emerging issues, to inform and develop our approach to risk identification and management. This includes conducting research to understand the relevance of ESG factors on claims and underwriting profitability. Our research shows that this extra-financial information provides signals that are relevant for our underwriting decisions. For example, in 2020 we initiated a pilot for Director & Officers (D&O) insurance. From the end of the year, underwriting due diligence will be enhanced with an ESG D&O Risk Score and other significant ESG KPIs that highlight and predict the risk for increased claims.

Collaborating for a sustainable future...
...by leading industry-wide collaboration on ESG

As part of our collaboration with the PSI, we co-led a project to publish the first global guide and industry standard on integrating ESG risks into insurance underwriting. The aim was to highlight the benefits of integrating ESG into insurance business models. We engaged with insurers, reinsurers, brokers, academics and regulators to identify the ESG risks that are most material to different insurance lines.

Published in June 2020, the guide shows how insurers can develop a systematic approach to managing ESG risks in underwriting such as climate change, environmental degradation, protected sites and species, animal welfare, human rights, controversial weapons and corruption. It includes heat maps indicating the level of potential ESG risk across different lines of business and economic sectors ranging from agriculture, chemicals, energy and healthcare to infrastructure, mining and utilities.

Read the ESG guide on the UNEP FI PSI website.

03.1 Sustainability in insurance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
— Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

03.1.2 Climate and renewables

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

The Paris Climate Agreement emphasizes the role of insurance in managing the impacts of climate change. Our Climate Change Strategy (see section 02.2) is focused on providing insurance solutions that help customers respond to a changing climate and facilitate the development of the low-carbon economy.

With extreme weather events such as floods, storms, heatwaves and droughts 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, we are working on climate risk scores that could inform the development of prevention and risk transfer solutions.

Increasing resilience to climate risks

Climate change has already started to modify the environment and will increasingly impact forests, crops and other commodities, property and infrastructure. Allianz helps shelter society from climate impacts by incentivizing prevention and indemnifying losses from extreme weather events.

With our experience as a micro insurer and reinsurer of agriculture, we bring innovative climate risk insurance to vulnerable regions – including weather index insurance, yield loss and animal mortality cover.

Other examples include risk consulting services offered by AGCS and our work with the German Agency for International Cooperation (GIZ) to enhance resilience of the capital of Ghana to flood-related disruptions (see case study).

Closing the insurance gap

Increasing resilience against risks for the most vulnerable is a core element of our Corporate Citizenship approach (see section 04.9). In developing countries, the proportion of assets protected by insurance is extremely low – with only 2-3 percent of losses from extreme events insured.

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. Delphine Maidou, Allianz Africa Chief Operating Office, represents Allianz as one of two private sector representatives on the IGP's High-Level Consultative Group, which sets the framework for these initiatives. An outcome in 2020 was a declaration on gender, recognizing the importance of integrating gender-responsiveness within the Climate and Disaster Risk Finance and Insurance Framework for delivering on the Partnership's vision.

Read more about the IGP.

Collaborating for a sustainable future... ...by supporting governments to insure communities against climate risks

We are working with partners through the Insurance Development Forum (IDF) to provide insurance solutions that enable governments in countries vulnerable to climate change to better protect their populations against natural disasters. This year, with support from the German government, the IDF scaled up the development of insurance solutions in 20 vulnerable countries under a Tripartite Agreement with the UNDP and the German government. Allianz is leading jointly with Swiss Re on the development of innovative insurance approaches for Pakistan and Ghana.

Find out more about the IDF.

Collaborating for a sustainable future... ...by closing the protection gap for the most vulnerable communities

Our three-year strategic alliance with the GIZ is aimed at 'Closing the Protection Gap' in Ghana and Morocco by fostering integrated disaster risk management approaches, including risk transfer, to manage flood-related risks. The project started in January 2018 and has been extended to September 2021 to account for COVID-19 related delays. Index-based flood covers have been developed and pilot products discussed for municipal assets in Accra, Ghana, and an industrial park near Agadir, Morocco. The products will be further refined and embedded in resilience activities to reduce risk exposure. Activities in Ghana were presented at the first Allianz Understanding Climate Risk Conference in October 2020.

Watch the short video here.

03.1 Sustainability in insurance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
— Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Phasing out coal in our insurance portfolios

Limiting global warming and mitigating climate change is one of our most urgent priorities and we strategically consider climate criteria in our insurance business. Coal-fired power plants are the single biggest source of GHG emissions globally.[1] In May 2018, we announced that we would no longer insure single-site/standalone coal-fired power plants or mines whether in operation or being planned. We also committed to completely phase out coal-based risks from P&C insurance portfolios by 2040 at the latest. As of 2023, Allianz will exclude companies from its P&C insurance portfolios, which fail to present a credible transition strategy away from coal and breach defined criteria.

Systematic engagement with major coal companies is an opportunity to support companies' management of material risks related to climate change and promote the transition away from coal. In 2020, we continued with this engagement with more than 30 companies in line with the Allianz P&C coal phase-out approach.

For further information, please see our climate-related financial disclosures section 05 and the Allianz statement on coal-based business models.

Insuring the low-carbon economy

The renewable energy industry is constantly evolving with national climate change strategies and policies, the Paris Climate Agreement and corporate initiatives like RE100 driving change at pace. Many markets are not yet ready to make the transition in terms of experience, financing, regulations and insurance. We aim to support and help drive progress by offering our insurance and risk consultancy expertise.

Demand for electricity and the potential for renewables to reduce pollution and emissions in developing countries position them as an attractive growth market. Developments are increasingly driven by private investors and corporate clients who see clean energy as a valuable investment. Our aim is to reach significant market share in emerging renewable energy markets, building on our experience of insuring renewable energy in more than 60 countries.

As a global leader in insuring low-carbon technologies, we provide standardized and tailor-made insurance products as part of our Sustainable Solutions (see section 03.4). We apply our deep technological expertise and understanding of the power and energy industry to enable investment and actively support clients with their renewable energy transition.

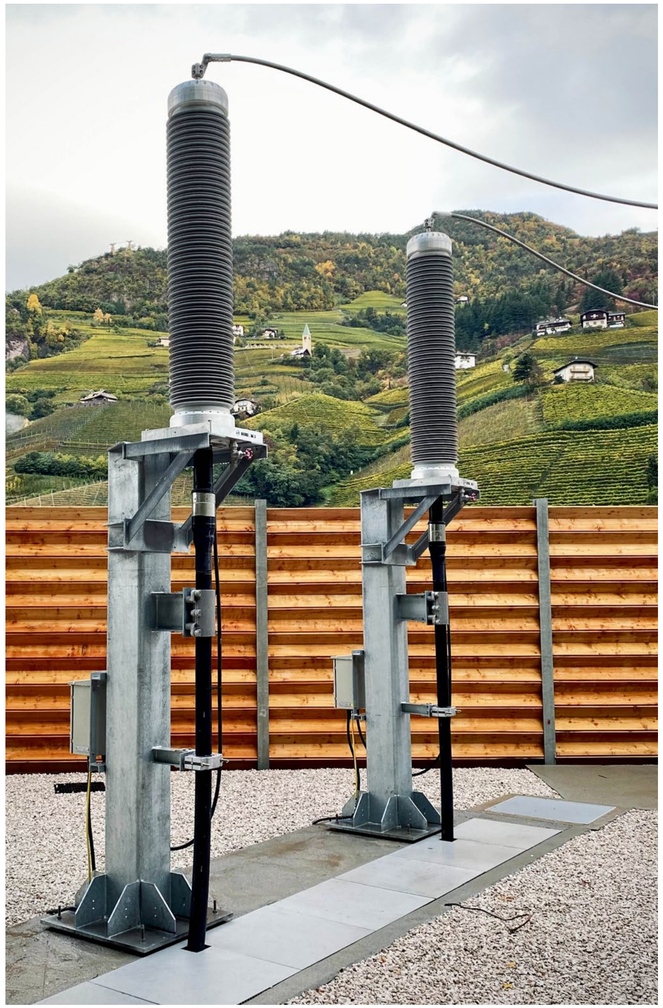
Building and operating renewable energy plants involves multiple stakeholders and complex risks at different stages for investors, construction companies, operators and manufacturers. Our products cover all stages of the project lifecycle – from planning to decommissioning – to provide reassurance and help stimulate the renewable energy transition. Solutions include erection and construction all risk insurance, liability insurance, marine insurance and technical advisory solutions. We also insure renewable energy plants against financial losses from lower than expected annual energy yields (e.g. due to lack of wind or sun).

Going beyond insurance in the renewable energy industry

Our goal is to make renewable energy projects bankable, investable and insurable, to support the low-carbon transition. The renewable energy industry is fast moving and our risk advisors and renewable energy experts ensure that we and our customers stay abreast of the latest developments.

Maintaining risks at acceptable levels is crucial to maintaining strong insurance portfolios. Our risk advisory services are important for meeting customers' demands and assuring a sound insurance portfolio.

During the planning and delivery phases of a renewable energy project, cost efficiency, accuracy and fast reaction to rapidly changing conditions are important. Projects are often sold to investors at this stage; and quality assurance, the right cash flow models, and meeting tax and legal requirements is critical to a successful process.



1 Chapter 2 of IPCC's Special Report on 1.5°C.

03.1 Sustainability in insurance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
— Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Collaborating for a sustainable future...
...by bringing stakeholders together understand climate risk

The future impact of climate change will depend on the political will to address the crisis and the speed at which it can be managed. If ambitious mitigation is introduced swiftly enough, preventive measures can keep overall risk at an affordable level for the insurance sector in developed insurance markets.

In regions that have high exposure to natural catastrophes, more risk participation of the public sector and the insured may be needed. This could be in the form of investment in higher protection standards (such as flood defenses) or higher risk retentions. Under more extreme warming scenarios, insurability challenges may arise. This could burden the sector, 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 October 2020, we held the first (virtual) annual Allianz Understanding Climate Risk Stakeholder Dialogue and Award.

Over 250 stakeholders from Allianz and partner institutions came together to focus on building 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 annual Allianz Climate Risk Research Award for young PhD students working on innovative approaches to address climate risks was Lena Fuldauer, a doctoral researcher at the Environmental Change Institute at the University of Oxford. She assesses extreme weather risks and studies their impact on the 17 Sustainable Development Goals in countries like Curacao, Saint Lucia and currently in Ghana. She also provides training for stakeholders from ministries, private sector and academia on the use of systems modelling tools to inform adaptation planning. Her work contributes to build the much-needed climate resilience for a sustainable future.

Find out more about the Allianz Climate Risk Research Award online here.

Allianz Climate Risk Research Award candidates

Winner

Lena Fuldauer
PhD Researcher at the Environmental Change Institute University of Oxford.

Research Title: Impacts of climate change hazards on sustainable development and national adaptation responses.

Nadia Bloemendaal
PhD Researcher Tropical Cyclone Risk Under Climate Change at the Vrije Universiteit Amsterdam, the Netherlands.

Research Title: The Perfect Storm; Improving the estimation of the global distribution of tropical cyclone risk for present and future climate scenarios across high spatial scales.

Andrew Magee
Postdoctoral Researcher at the Centre for Water, Climate and Land (CWCL), University of Newcastle, Australia.

Research Title: Tempestuous winds and vulnerable island nations: a new tropical cyclone outlook for the Southwest Pacific

Nivedita Sairam
Postdoctoral Researcher at Helmholtz-Centre Potsdam – German Research Centre GFZ.

Research Title: Bayesian approaches for modelling flood damage processes.

03.1 Sustainability in insurance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
— Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

03.1.3 Natural catastrophes

Predicting the unpredictable

Natural catastrophes – including earthquakes, fires, floods and extreme storms – can devastate communities and the recovery can take many months, or even years. Allianz is an expert in insuring against these risks. We are constantly improving our tools to identify and manage risks for our customers and support them 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 2021, two of the top five global risks are linked to environmental disaster and extreme weather and in the short-term (0-2 years), extreme weather events rank third in the list of critical risks threatening the world.[1]

The associated losses have increased 15-fold in recent decades, implying high risk and volatility for the insurance industry. The Allianz Risk Barometer 2021[2] places natural catastrophes sixth in its ranking of global business risks, with economic losses totaling around 175 billion U.S. dollars in 2020[3] up from 139 billion U.S. dollars in 2019.

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

Allianz Re is constantly improving Cat Risk Management at Group and local levels. In 2020, we made important progress in establishing the Catastrophe Target Architecture (CTA). It includes the Allianz Modelling Platform (AMP), 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 incorporating an estimation of potential climate change impacts.

We continue to enhance our geoinformation system (GIS) tools to provide a profound understanding of the exact geolocation of a customer's house or a company's production site. For floods, a peril which is expected to worsen with 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 by enabling underwriters to access detailed risk scores by individual Nat Cat peril for every location globally.

1 WEF, Global Risks Report 2021.
2 Allianz Global Corporate & Specialty, Allianz Risk Barometer 2021.
3 Swiss Re Group, Swiss Re Institute estimates USD 83 billion global insured catastrophe losses in 2020, the fifth-costliest on record.

03.1 Sustainability in insurance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
— Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

03.1.4 Cyber security

Smart technologies have enormous potential to improve human life and the health of the planet, but they have many unintended consequences.[1] We have more than a decade of experience in cyber insurance – protecting organizations against cybercrime and digital threats. We are evolving our solutions to enable more customers to manage the risks.

According to the WEF, more than 50 percent of the global population is now online and some one million people join the internet every day. The Allianz Risk Barometer 2020 ranks cyber incidents among the top risks of doing business globally. Cyber-crime costs an estimated 600 billion U.S. dollars a year.[2] Criminals are becoming more sophisticated in their methods to steal data, commit fraud and extort money. At the same time, there is a growing cyber threat from nation states and affiliated hacker groups targeting critical infrastructure or stealing valuable data or trade secrets from companies.

Cyber incidents are increasingly likely to spark litigation including securities and consumer class actions. Data breaches and IT outages can generate large third-party liabilities as affected customers or shareholders seek to recoup losses from companies.

Adapting our new insurance approach to cyber risk

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).

Most traditional policies were designed when cyber had not yet emerged as a major risk and these policies do not explicitly mention or consider cyber risk. To remove coverage uncertainty for customers, we are working to make it clear how cyber risks are covered in traditional policies and for which scenarios a dedicated cyber insurance solution is needed.

Over the past two years, we have reviewed cyber risks across P&C policies spanning commercial, corporate and specialty insurance segments. We have developed a new underwriting strategy to address cyber exposures and we are now in the process of ensuring relevant policies are updated and clarified in regard to cyber risks.

Read more about our new approach to insurance cyber risks on our website.

Supporting our customers to manage 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.

"Regulatory landscape uncertainties, risks associated with remote working and continuous increase in ransomware attacks have been defining factors of the past year. We continue to navigate this landscape using new technology, analytics and strategic partnerships with security vendors to build a stable book of business and swiftly assist our clients in a moment of crisis."

Marek Stanislawski
Global Cyber Underwriting Lead
Allianz Global Corporate & Specialty

Collaborating for a sustainable future...
...by supporting customers to manage cyber risks during the pandemic

In the first half of 2020, widespread lockdown and home working as a result of COVID-19 created new possibilities for malicious acters to interrupt our customers' business. As highlighted by the E.U.'s cyber security network, COVID-19[3] left many people vulnerable at a time when they are more dependent on living and working digitally than ever.

To support our customers, Allianz Risk Consulting published guidance on 'Staying cyber-secure during the pandemic' – available on our website. It includes measures to help employees better combat the cyber challenges COVID-19 brings.

1 WEF Global Risk Report 2020.
2 McAfee Economic impact of Cybercrime.
3 European Commission: The COVID-19 Hackers Mind-set.

03.1 Sustainability in insurance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
— Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

03.1.5 Emerging consumers

In 2020, the impacts of the COVID-19 pandemic further exposed the inequalities faced by people around the world. The emerging consumers market, defined as lower-income populations in Africa, Asia and Latin America, consists of half of the world's population. Many of these people are severely underinsured. Allianz is committed to closing the protection gap and providing access to affordable insurance solutions to support low-income populations.

Our purpose, 'We secure your future', includes providing emerging consumers with affordable and effective insurance solutions. This represents a significant sustainable growth opportunity for our business – both financially and socially. Increasing resilience against prevalent risks in society for the most vulnerable is a key focus in our Societal Impact approach (see section 04.9).

Collaborating to scale our impact

Emerging consumers are usually first-time buyers of formal insurance products and often do not have a bank account. Non-traditional offerings, distribution models and payment channels are needed to reach and service this target segment. Products and processes need to be simple and relatable for people who are not used to traditional financial services and distribution models need to be cost-efficient to maximize client value.

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

Reaching underinsured customers

In 2020, we served 46.1 million customers[1] in the emerging consumers segment (2019: 55.4 mn customers[2]). Revenues were at € 452.2 million[3] (2019: € 413.9 mn) – equivalent to around € 9.80 in annual revenue per customer[1] for this market. Allianz consolidated entities served 10.1 million customers and contributed revenues of € 56.1 million[2]. Additional data about our emerging consumer business can be found in Table ESG-6.

Find out more about these trends and developments in our Emerging Consumer Report in the Download Center on our website.

Selected examples of our emerging consumer solutions

Credit Life Insurance

We offer credit life insurance to emerging consumers through microfinance institutions in 10 countries across Africa, Asia and Latin America. It typically covers the outstanding loan amount in the event of death of the loan-taker or a family member.

Funeral Insurance

We offer funeral insurance, covering the funeral costs of the insured, to emerging consumers in several countries, including Ivory Coast, Ghana and Indonesia.

Health insurance

We offer a variety of health insurance benefits, ranging from maternity and accident riders to comprehensive medical reimbursement covers for GOJEK drivers in Indonesia. Hospital cash products pay out a daily lump sum to protect customers against loss of income in the event of hospitalization. We also offer telemedicine services with partners like BIMA and Halodoc, giving emerging consumers access to doctors on the phone 24/7.

Crop insurance

In India, we offer crop insurance to smallholder farmers to protect them from catastrophic weather events like droughts or floods. The insurance is bundled with loans taken by the farmers and pays out upon triggering a pre-determined index (e.g. rainfall amount below a defined level).

1 Total customer and revenue data includes figures from non-consolidated entities outside the reporting boundaries (GRI 102-45).
2 Restatement of 2019 data due to reclassification of emerging consumer products.
3 Restatement of 2019 data due to changes in scope.

03.1 Sustainability in insurance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
— Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Collaborating for a sustainable future...
...by creating customer-centric solutions for communities in Indonesia

Understanding where our customers live and what their habits are enables us to create solutions directly connected to their daily lives. The team from Allianz Indonesia developed two innovative concepts using design thinking in local communities. One concept bridges the gap between an existing informal risk-sharing mechanism and formal insurance, and the other implies trading waste for a personal accident cover.

Both initiatives together won the Insurance Asia Awards for the 'Insurance Initiative of the Year' in 2020.

Trading Waste for Protection

Currently, only seven percent of the 65 million tons of waste produced in Indonesia every day is recycled.[1] Many households collect recyclable items and have them weighed at so-called waste banks where the value of the waste is converted into small amounts of cash or mobile money – though usually too small to make a significant difference in people's lives. Allianz Indonesia has partnered with the country-wide network of waste banks to offer monthly personal accident insurance in return for collected waste – thus offering value through protection benefits for households.

"Why do I want to buy insurance from Allianz? Because it is easy, simple and affordable. With just 2 kg of waste from plastic bottles, all I had to do was submit the form and a copy of my identity card and I was protected."

RR. Diah Kartika
Waste for Protection Customer
Allianz Indonesia

Watch the video here.

Securing funeral funds for when they are needed

Neighborhood communities often support residents with informal funeral funds that covers funeral costs and condolence money if a community member passes away. These funds are financed by household contributions and often run the risk of being in deficit. Allianz Indonesia formalized this informal risk-sharing mechanism by offering a group term life insurance that prevents such funds from going into deficit and provides households with higher amounts of condolence money.

"By joining Allianz I can be more comfortable to organize the funeral services when any of my family members passes away, such as having the burial service and recitation for the departed soul. It will also support family members if they plan to start a new business to sustain their family financially."

Siti Rochimah
Funeral Fund Customer
Allianz Indonesia

Watch the video here.

1 Based on Sustainable Waste Indonesia (SWI).

03.2 Sustainability in proprietary investments

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
— ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Allianz aims to create a lasting positive legacy through its investments and ensure that sustainable business practices improve the financial performance of companies. Strong ESG management is crucial to mitigate risks and seize opportunities and we consider ESG aspects in detail whenever we invest money.

03.2.1 ESG integration and engagement approach

As an asset owner, Allianz invests its proprietary assets – primarily the premiums collected from insurance customers. ESG integration is fundamental to our investment processes. Integration of ESG in investments is steered by ESG teams globally, as well as other investment professionals across Allianz Group. Allianz Investment Management (AIM) is the main group-wide investment management function for proprietary assets. Furthermore, AIM also works closely with the colleagues in Global Sustainability.

We have committed to the PRI, a U.N.-supported international network of investors working together to promote the incorporation of ESG into investment decision-making. The PRI guide our approach to responsible investment and drive continuous improvement across other businesses. In addition to the disclosures contained in this report, we report annually to the PRI as an asset owner.[1]

Our latest and past PRI Transparency Reports can be found on our profile on the PRI website.

Allianz SE once again achieved great results in the 2020 PRI assessment.

Our PRI assessment results

A+

- Strategy and governance
- Asset manager selection, appointment and monitoring (listed equity, fixed income, private equity, infrastructure)

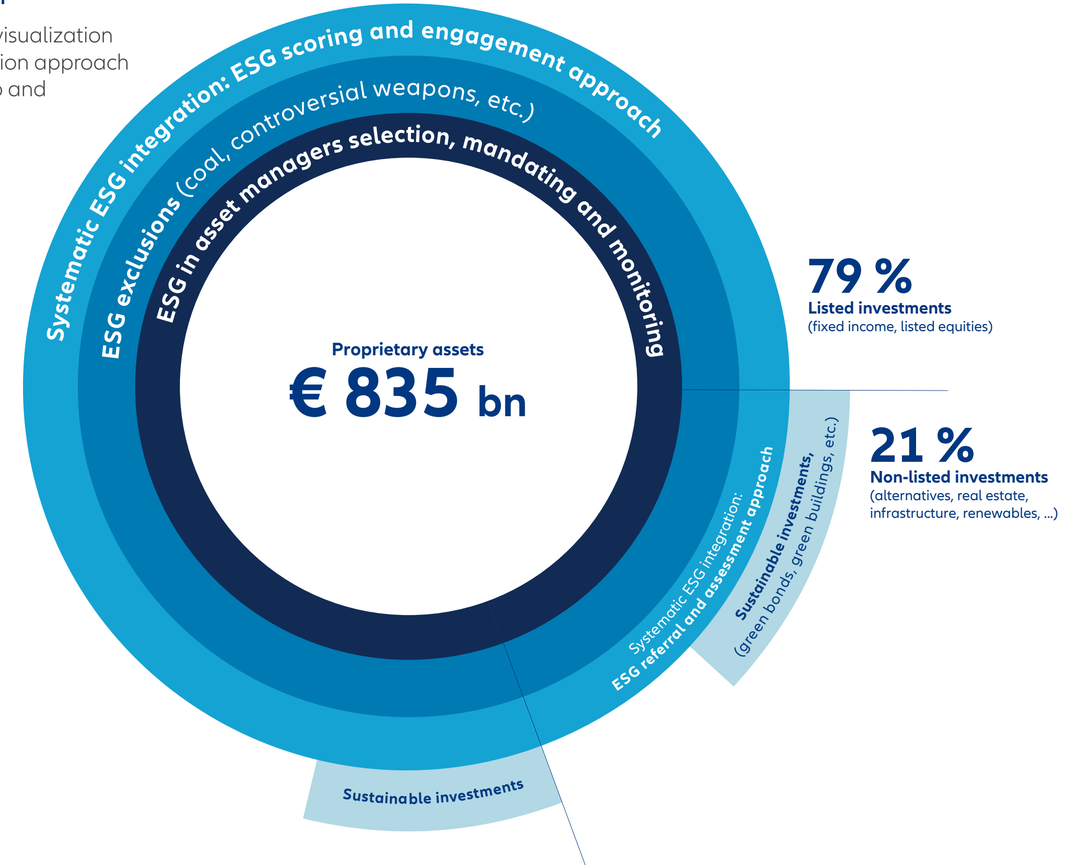
A

- Listed equity active ownership

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.

Our ESG integration approach as an asset owner

This is a simplified visualization of our ESG integration approach across our portfolio and asset classes.



Simplified illustration of Allianz ESG integration approach for proprietary investments. Illustration not to scale.

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).

03.2 Sustainability in proprietary investments

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
— ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Our ESG integration approach

We invest more than € 835 billion[1] (2019: € 795 bn) in a wide range of asset classes. We systematically integrate ESG considerations across our entire investment portfolio[2] and enhance and deepen our approach, which is comprised of the following elements:

1. Asset manager selection, mandating and monitoring

We require all asset managers investing on our behalf to integrate ESG considerations into the investment process (see Table ESG-7). Asset managers can fulfil this by being a PRI signatory or by having their own ESG policy. More than 99 percent of our assets are managed by asset managers that meet this requirement. From 2020, we take into consideration the PRI scores for asset managers, that are PRI signatories. We require a minimum score of a 'B'. In case of a PRI score of a 'C' or worse, AIM ESG team is informed.

In 2019, AIM started to systematically review the ESG approaches, including climate-related strategies, of its external asset managers. These engagement dialogues focus on the governance structures of external asset managers to ensure clear responsibilities for overseeing ESG matters, monitoring methods for ESG risks, and opportunities and commitments to improving ESG practices in investee companies. This is an important step towards our goal to have a real-world impact.

As an asset owner, we are well-positioned to conduct ESG discussions with our asset managers and this is an effective amplifier of our ESG efforts. As a founding member of the U.N. convened Net-Zero Asset Owner Alliance, we want to ensure asset managers are well prepared to decarbonize their portfolios in line with a global average temperature increase of not more than 1.5°C (see case study in section 02.4).

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

For non-listed investments, such as real estate, infrastructure and private equity, we address ESG risks through a detailed referral process. We have published guidelines for ESG sensitive business areas (see section 02.4) and ESG screening is mandatory for all transactions within these areas.

Detection of an ESG risk triggers a referral process which leads to a detailed assessment of the potential risk by Global Sustainability. Based on the outcome of the assessment, a decision is made whether to proceed with a transaction, to proceed and require the mitigation and management of ESG risks, or to decline a transaction on ESG grounds.

In 2020, 65 investment transactions were assessed (2019: 64) (see Tables ESG-1 to 3).

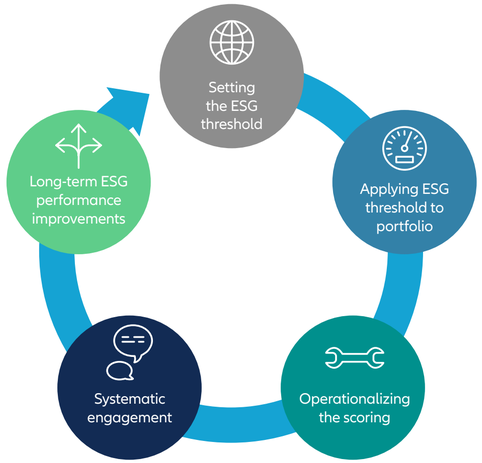
3. Systematic integration of ESG factors – ESG scoring

Our ESG 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 systematically assesses the ESG performance of individual issuers using ESG data provided by an external data provider (MSCI ESG Research). This information is used to consider ESG criteria in investment selection, leading to a more holistic steering of our portfolio and targeted management of ESG risks and opportunities.

We have set a clear ESG performance threshold below which investments are deemed 'ESG critical'. Investments in companies scoring below the threshold are continually monitored. An asset manager with investments scoring below this threshold must 'comply-or-explain'; meaning either reallocate to another issuer or explain and provide reasons for holding these issuers. The reasoning is discussed and assessed during regular ESG deep dive meetings with asset managers.

Our ESG scoring and engagement approach

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



1 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).

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

03.2 Sustainability in proprietary investments

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
— ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

4. Active Ownership – ESG engagement

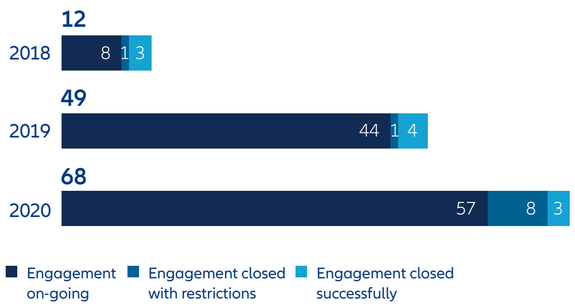
The role of engagement as an effective and meaningful tool to address ESG concerns in investment portfolios has garnered widespread acceptance in the investment community. For Allianz, engaging on ESG topics with our portfolio companies has become an expectation of our customers and stakeholders and 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 and long-term business success – and thus better results for our customers, whose premiums we invest.

During three years of running our ESG engagement program as an asset owner, we have established a consistent approach to addressing ESG concerns and supporting sustainable programs at the companies we invest in. This remains the primary way we address acute ESG issues, including human rights issues, in our portfolio companies. Our 2020 progress is described below under 'Bilateral Engagements'.

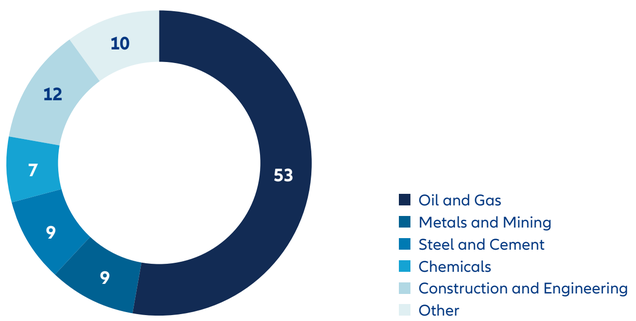
At the same time, the engagement community is evolving as the need to magnify real world impact on systemic issues, such as climate change, places new emphasis on investor-led collaborations. We have increased our efforts in the collaborative engagement community as one of the key ways we can amplify the positive impact of our efforts. Progress in the area is described below under 'Collaborative Engagements'.

ESG engagement approach highlights

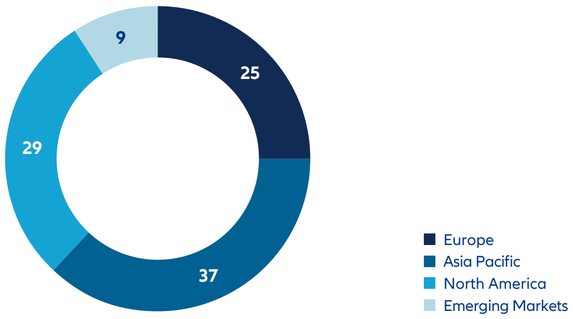
Engagement overview
number of engagements and outcomes



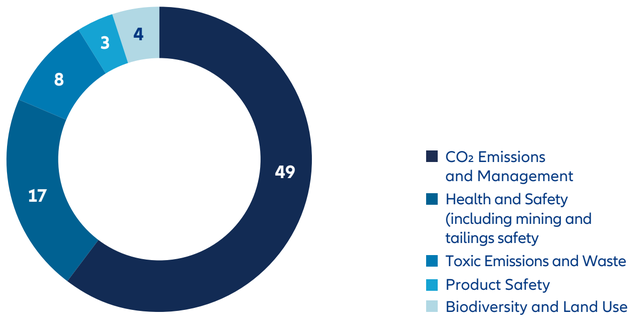
Engagements by industry sector
%



Engagements by region
%



Engagement topics



03.2 Sustainability in proprietary investments

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
— ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Bilateral Engagements

Meaningful change can take several years to achieve, and ongoing engagement is an impactful, mutually beneficial process. We could not contribute to driving positive change if we automatically withdrew investments rather than engaging in dialog to address issues. That is why proactive engagement is integral to our ESG strategy.

Our engagement team conducts in-depth research using information from MSCI ESG Research, other ESG 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 – helping solidify our global and collaborative approach.

Questions and requests related to identified ESG risks or opportunities and engagement objectives are submitted to the company for a written reply. Based on the company's response, the engagement team may conduct further engagement activities – such as clarifying open points, requesting additional disclosures, requesting written commitments in their reporting to address concerns, or conducting in-person (virtual) meetings with management.

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

In 2020, we opened or continued direct engagement discussions with 68 investee companies. Three of these engagements were considered successful and were closed, eight were closed without success, and the remaining 57 are ongoing or continue to be monitored. A comparison versus prior year can be found in Table ESG-11.

In addition to our own engagements as an asset owner, AllianzGI and PIMCO conduct ESG-specific engagements with investee companies that they invest in on our behalf as our asset managers. We have also started working with external asset managers[1] to ensure their ESG integration and engagement approach meets our expectations and long-term investment goals.

Collaborative engagements

Collaborative engagements can take the form of multiple investors addressing a single company or addressing multiple companies and sectors 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. When we seek complex operational changes in a company or sector, we find collaborations are more effective than engaging alone.

We strive to be a key player in the engagement community and support the success of collaborative engagement initiatives. We also support other asset owners and asset managers to become more actively involved in these dialogues. In 2020, we significantly increased our involvement in both the Investor Mining and Tailings Safety Initiative and the Climate Action 100+ initiative.

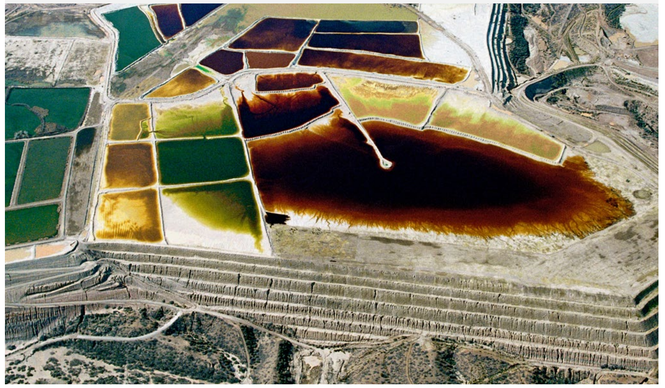
Going forward, we will increase our collaborative engagement efforts, especially on climate change issues. This is necessary to meet the targets we have publicly set for ourselves to decarbonize our portfolio in line with a maximum 1.5°C temperature rise without divesting from high emitting sectors.

Collaborating for a sustainable future... ...improving mining and tailings safety

In response to the tragic and catastrophic failure of a tailings dam facility in January 2019, the investment community came together to work with industry to ensure the root cause of the failure was addressed and that such an event, if proper standards are followed, will not occur again.

The initiative has established the first ever global standard on tailing facility safety and created the open source Global Tailings Portal, a centralized database of the world's tailings facilities. Allianz was a key participant and collaboratively engaged with companies in our portfolio to meet the disclosure request from the initiative.

The initiative won the 'PRI Stewardship Project of the Year Award' and we continue to ensure the companies in our portfolio publicly report the information requested by the standard.



1 This includes asset managers managing our assets, but are external to the Allianz Group of companies.

03.2 Sustainability in proprietary investments

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
— ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Collaborating for a sustainable future... Climate Action 100+

Allianz is an active member of Climate Action 100+ (CA100+). Its purpose is 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 500 investors, both asset owners and asset managers, have now signed up to the initiative – together representing over 50 trillion U.S. dollars in assets under management. We believe that all asset owners and managers should be supportive of this initiative and its key requests.

Allianz is a lead engager on two of the CA100+ target companies and we collaborate on a further three. 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.

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 03.3.1.

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 weapons[2] and companies involved in coal-based business models (see Allianz ESG Integration Framework, section 03.9).
2. Restriction of investments in sovereign bonds from countries associated with severe human rights violations and significant issues managing ESG concerns.
3. Exclusion and restriction of issuers as a result of the scoring and engagement process. Single issuers that fall below the ESG threshold and where engagement has not been successful may be excluded if:
   - answers to engagement questions are consistently insufficient;
   - the company shows no willingness to improve its ESG performance; or
   - the company does not respond to any of Allianz's engagement communications over the annual cycle.

Decarbonizing our investments

We introduced an exclusion of coal-based business models in 2015. No new investments have been allowed, equity stakes have been divested and fixed income investments made before 2015 are in run-off.

In 2018, we expanded the commitment to be more forward looking. In addition to the exclusion of utilities and mining companies involved in coal above our threshold (30+ percent generation from coal, 30+ percent revenues from thermal coal mining), companies planning to significantly expand their coal-based capacities or having to retire a significant part of their generation portfolio are also excluded. The threshold will be gradually reduced to zero by 2040.

We update the exclusion annually based on data from an ESG data provider. This leads to companies planning to expand their coal-based capacities are also excluded.

Divestment status

In 2020, Allianz divested a further € 7.0 million in equities and an additional € 40.3 million fixed income is in run-off. This brings the total divested equities since November 2015 to € 347.5 million and total fixed income investments divested or in run-off to € 5,983.0 million (see Table ESG-10).

Measuring our portfolio carbon footprint

Allianz is a strong advocate of the 2015 Paris Agreement and we are committed to decarbonizing our proprietary investment portfolio to net-zero emissions by 2050. As one of the world's largest insurers and institutional investors, Allianz is exposed to existential risks due to unabated climate change. We aim to manage climate-related risks and opportunities by systematically considering climate relevant criteria in our insurance and investment business. Understanding that the shift towards a low-carbon economy can only be achieved collectively, we are committed to science-based targets and have joined forces with other asset owners as part of the U.N. convened Net-Zero Asset Owner Alliance (AOA).

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).

03.2 Sustainability in proprietary investments

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
— ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

In line with these commitments, we have announced our first concrete interim targets for reducing greenhouse gas emissions in our proprietary investment portfolio fully in line with the Target-Setting Protocol (TSP) of the AOA, and aiming for the objective of achieving climate neutrality by 2050. In addition to traditional investment criteria, equities and corporate bonds will be reviewed for their 1.5-degree pathway compatibility with the aim for an overall greenhouse gas emission reduction of 25 percent by 2025. Our real estate portfolio's greenhouse gas emissions will also be aligned with a science-based 1.5-degree pathway by 2025.

To support the shift towards a low-carbon economy we are introducing activities not only on portfolio but also on industry level. Our interim targets focus on two of the highest emitting-industries, Utilities and Oil & Gas:

Utilities:

- Complementing our coal phase-out commitment by gradually increasing our exposures 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 & Gas:

- Supporting the commitment set out by the Oil and Gas Climate Initiative (OGCI) to limit the upstream intensity for Scope 1 and 2 emissions of O&G companies to less than 20 kg CO_2e/barrel and aligning our O&G exposure on average listed equity and corporate bonds portfolio level to this intensity level.
- Engage with O&G companies to set net-zero 2050 targets on Scope 1 and 2 emissions. By 2025, we aim for at least 50 percent of our AuM in Oil and Gas Industry to have set net-zero 2050 targets.

Furthermore, we aim to increase our bilateral engagement activities by at least 100 percent by 2025. 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.

For more information on our portfolio carbon footprint, see our climate-related financial disclosure section 05 and section 3.9.2 on the Allianz ESG Integration Framework.

Collaborating for a sustainable future...
...by leveraging finance and investment know-how to support the SDGs

According to the United Nations, achieving the U.N. SDGs requires substantial financing in sectors such as health, education, transportation and climate change. Close collaboration of the private and public sectors in both developing and developed countries will be key to achieving the SDGs.

In October 2019, Secretary-General of the United Nations, Antonio Guterres, announced the Global Investors for Sustainable Development (GISD) Alliance. Co-chaired by Oliver Bate, CEO of Allianz SE, it aims to leverage finance and investment know-how to foster the 2030 Development Agenda.

The GISD Alliance develops solutions that foster scalable investment opportunities in developing countries including the roll out and promotion of the use of innovative financing facilities and tools.

This is strongly supported by the GISD Alliance's focus on establishing and strengthening partnerships between investors, governments and multilateral institutions.

Within the first year, the GISD Alliance has published a report with 64 recommendations for policy makers to foster more private capital to the SDGs and has engaged with the European Commission on these. Additional deliverables include an agreed upon definition of sustainable development investing which is promoted to key stakeholders and a call to action to strengthen the use of COVID-19 related bonds in the response to the pandemic.

Current focus areas include the creation of investment vehicles and platforms, definition of sector specific SDG metrics and alignment of stakeholder interaction to long-term incentives including the SDGs.

"As responsible companies, we create long-term value by embedding sustainability into our core business. Investing in the stable development of societies across the globe is not only the right thing to do, it also provides economic opportunities. We are convinced that investments in emerging markets foster sustainable growth without losing sight of our customers' interests."

Oliver Bäte
Chief Executive Officer
Allianz SE

SUSTAINABLE DEVELOPMENT GOALS

For more information on our impact on SDGs, see section 06.2 Our impact on the U.N. sustainable development goals.

More information about the Global Investors for Sustainable Development (GISD) Alliance can be found online.

03.2 Sustainability in proprietary investments

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
— Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

03.2.2 Sustainability-themed investments

ESG-themed investments combine attractive and stable returns with the creation of long-term shared value. We actively pursue investment opportunities that support solutions to environmental and societal challenges such as climate change and infrastructure development. We are steadily increasing our sustainability-themed investments and have grown to become a significant investor in renewable energy, green buildings and green bonds.

We have a growing global portfolio of climate solutions, investing in renewable energy, energy innovations as well as fostering the transition to a net-zero economy. Examples include investments in the AllianzGI Renewable Energy Fund, the PIMCO Climate Bond Fund and the Finance in Motion Green for Growth Fund, financing measures that reduce energy consumption, resource use, and GHG emissions.

The listed fixed income investment portfolio shows a strong growth of green bonds in 2020. The overall growth in sustainability themed investments reflect our commitment to transition Allianz's investment portfolio to net-zero GHG emissions by 2050.

Beyond renewable energy, we finance industry innovations like climate-smart fish production in the Sustainable Ocean Fund, companies and projects that contribute to ocean ecosystem health and initiatives that enhance the ability of oceans to sequester carbon (thereby mitigating climate change).

We also seek investment opportunities in sustainable infrastructure in emerging economies. These markets face large financing gaps and our investments, alongside those of multilateral development banks and other partners, support sustainable development and economic growth. For example, Allianz finances African infrastructure projects by investing into the Emerging Africa Infrastructure Fund (EAIF). We are providing financing of € 75 million and $ 25 million, both over 12 years, as EAIF's first insurance-investor.

At the end of 2020, investments in sustainability-themed assets totaled € 39.3 billion (2019: € 29.5 bn) (see Table ESG-8).

Collaborating for a sustainable future...
...funding innovative SMEs and start-ups in Africa

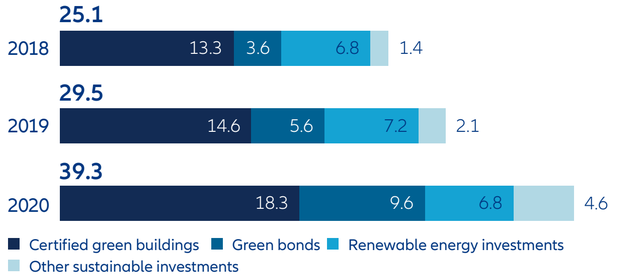
In Africa, it is mainly small companies that create the majority of jobs and support income security. On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), KfW Development Bank and Allianz Global Investors have set up a new fund of funds – AfricaGrow.

The project is an important component of Allianz's Africa strategy. The € 170 million fund of private equity funds blends public finances and private investments from Allianz companies. It will finance 150 innovative SMEs and start-ups in reform-oriented African countries by 2030, promoting sustainable economic and social development and aiming for more than 25,000 new jobs. Careful monitoring jointly conducted by DEG (Deutsche Investitions- und Entwicklungsgesellschaft) and AGI will ensure the fund has a measurable positive social and/or economic impact. In 2020 the fund made its first two investments of € 30 million focused on supporting early stage companies driving healthcare and education innovation in North Africa.

Read more on the AfricaGrow website.

Sustainability-themed investments

Investments by asset class
€ bn



03.2 Sustainability in proprietary investments

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
— ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

03.2.3 ESG in real estate investments

The real estate sector accounts for nearly 40 percent of global energy-related CO_2 emissions.[1] Real estate is also highly exposed to physical climate risks. Allianz Real Estate is working to reduce the GHG emissions of our portfolio to net-zero by 2050 by embedding ESG criteria and collaborating with others to strengthen ESG activities.

To decarbonize the sector and comply with tightening environmental regulations, real estate assets face significant costs in meeting higher energy efficiency standards and addressing demands from investors and tenants. Large-scale investment may be required to improve resilience to climate change. At the same time, changing investor and tenant preferences can provide new opportunities, for example by tapping into climate-conscious tenant groups that increasingly demand green building certificates.

Allianz Real Estate, our dedicated real estate investment and asset manager, 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 with capabilities that include direct and indirect investments and commercial real estate loans. In 2020, Allianz Real Estate and other Allianz operating entities invest proprietary assets totaling € 18.3 billion (2019: € 14.6 bn) in certified green buildings around the world, including both equity and debt investments.

As a responsible investor and manager of one of the world's largest real estate portfolios, Allianz Real Estate strives to incorporate ESG factors into its investment cycle for its real estate business. It is working towards reducing the GHG emissions of its real estate portfolio to net-zero by 2050, in line with the Group's commitment, and increasing the share of properties that have an environmental or sustainability certification. Looking ahead, activities plan to be aligned with the 1.5°C decarbonization pathways for the global real estate sector published by the Carbon Risk Real Estate Monitor (CRREM).[2]

Embedding ESG in real estate

Allianz Real Estate's ESG integration framework is designed to improve the ESG performance and transparency of real estate assets and address issues such as physical climate risks, reducing the risks of obsolescence and depreciation. Alongside this, it looks at the social impact of the buildings on the community that uses them.

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

1. Assess

Assets are screened for potential ESG issues, particularly during the acquisition phase. Every new equity investment undergoes a thorough due diligence process including technical and environmental due diligence and property-related ESG assessment. Any new office, retail or logistics investment (equity) must have an environmental or sustainability certification that is either globally recognized (such as LEED or BREEAM) or locally dominant (for example HQE in France and DGNB in Germany). For new fund investments, fund managers are required to have an ESG policy or to be PRI signatory.

2. Engage

During the management phase, a collaborative engagement strategy seeks to influence business partners to strengthen ESG activities. This includes ensuring ESG topics are considered as part of performance review meetings with joint venture partners, supporting external property managers to improve ESG standards and performance, and engaging with tenants to influence their choice in fuel.

3. Improve

We aim to measure and improve the ESG performance of our entire real estate portfolio. This includes seeking out pilot 'lighthouse' projects and group-wide initiatives, such as procuring certified green energy and investing in onsite energy production and energy efficiency measures like installing LED lighting.

In October 2020, Allianz Real Estate's ESG approach was expanded and strengthened in the context of indirect investments and to increase the emphasis on energy performance data collection for Allianz Real Estate-controlled and non-controlled areas, such as tenant areas.

We also finalized a new global carbon accounting and reporting framework which will drive more systematic environmental reporting across our portfolio. The framework will improve the collection of actual energy performance data in the context of a globally diversified real estate portfolio – a necessity to effectively steer future decarbonization efforts.

Looking ahead, we plan to conduct further energy audits to better understand energy performance and inform action plans to bring down the energy consumption of assets. We aim to extend efforts to reduce carbon emissions in line with the Group commitment to drive decarbonization. This includes for example, revising the technical/environmental due diligence scope of work to give greater consideration to required actions and additional investments. In depth ESG analysis in investment documentation is intended to place a stronger emphasis on these ESG considerations.

1 International Energy Agency and the United Nations Environment Programme (2018): 2018 Global Status Report: towards a zero-emission, efficient and resilient buildings and construction sector, page 9.
2 Carbon Risk Real Estate Monitor (CRREM).

03.3 Sustainability in asset management

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
— Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

From increased regulation to heightened customer demand, the integration of sustainability considerations in asset management is an important industry driver. Allianz Group is well-positioned to offer ESG and responsible investment solutions to its asset management clients – from the retail fund investor to institutional clients with bespoke ESG integration needs. Allianz's two major investment businesses are Allianz Global Investors (AllianzGI) and PIMCO.

03.3.1 Allianz Global Investors

As an active investment manager with proprietary sustainability investment research capabilities, we innovate sustainable investment solutions tailored to meet our clients' investment objectives. In total, we manage third-party assets totaling € 95.4 billion (2019: € 56.1 bn) across four main ESG approaches.

Progress and achievements

In the 2020 assessment and for the fourth year in a row, we have received an 'A+' from the PRI for our overarching approach to ESG Strategy and Governance. This category encompasses ESG policies, objectives and memberships, and considers how the firm promotes ESG efforts internally and externally. In this assessment, we kept all our high marks from 2019 and have improved in the categories 'Listed Equity – Active Ownership' and 'Fixed Income – Corporate Non-Financial' receiving an 'A+' for both categories.

On the client advisory side, we have in addition been recognized by Greenwich Associates as 'the leading ESG Investment Manager for Institutional Clients in Continental Europe in 2020'.

Thus, in 2020 under the leadership of Beatrix Anton-Groenemeyer as our first Chief Sustainability Officer (CSO), we have done significantly better across all PRI categories than most other signatories and increased our ESG market recognition with clients.

Overall, the assets under management of our sustainable investment offering have increased to € 205.5 billion.[1]

AllianzGI sustainability investment categories

Integrated ESG (IESG):

IESG strategies integrate material Environmental, Social and Governance risk considerations into investment analysis and decisions without constraining the investment universe.

Sustainable:

Sustainable strategies apply sustainability assessments to construct portfolios reflecting our clients' values. All apply exclusions and climate engagement or SRI best-in-class in addition.

SDG-aligned:

SDG-aligned strategies intent to contribute to positive environmental and societal change in alignment with one or multiple U.N. Sustainable Development Goals (SDGs).

Impact Investing:

Impact investing strategies aim to generate measurable environmental and societal outcomes against specific metrics.

In 2020, we embarked on an ambitious program to strengthen our sustainability value proposition. We are building on a strong foundation in sustainable investing and aim to become a shaper of sustainable investing solutions across public and private markets – leading clients and companies on an inclusive transition pathway to a sustainable future. This will significantly enhance our overall sustainable investment, offering:

- Substantial conversion of traditional strategies into sustainable products
- Introduction of a dedicated climate engagement program to foster climate transition see separate section
- Scale SDG-aligned see separate section and impact investment platforms
- Build out our ESG advisory capability to provide holistic sustainability advice
- By the end of 1Q/2021 we target to have all assets managed by us classified into one of our sustainability approaches (Integrated ESG, Sustainable, SDG aligned or Impact) or ESG risk assessed

The senior hire of Matt Christensen as Global Head of Sustainable and Impact Investing at the end of 2020 marks an important further milestone in our sustainability roadmap. He succeeded Beatrix Anton-Groenemeyer, who stepped down as CSO at the end of 2020. In his role he aims to accelerate the growth of Impact Investing as part of the company's growing private markets platform; lead the continued integration of ESG factors across our existing range of public markets products, including stewardship activities; and support the development of new sustainable products.

1 Third-party assets and assets managed on behalf of other Allianz operating entities.

03.3 Sustainability in asset management

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
— Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Engagement and stewardship activities

We are committed to active stewardship of the assets we manage for our clients. We believe in the value of taking a long-term approach to investing. This means working with companies to help them build sustainable businesses, rather than reacting to day-to-day news flow. We strive to steer investee companies towards sustainable business success through corporate dialogue and proxy voting. Consistent with our investment philosophy and approach, we engage in dialogue with investee companies and seek proactively to present a viewpoint, effect change where necessary and monitor the results of our engagement. Our investment views are influenced by the outcomes of engagements and are linked to the proxy voting process, forming a consistent stewardship approach.

Engagement

We see the value of engagement in sharing our knowledge, views and perspectives with boards and management of investee companies to help improve performance and to better assure their long-term business prospects. We also find that exposure to a broader range of stakeholders at investee companies, importantly non-executive board members, enhances our understanding of the business, its strategy and value drivers, as well as our knowledge of the governance and culture of the companies we invest in, which enriches our investment analysis. Critically, it helps to assess quality of leadership and oversight, and to build confidence and trust in the board and management.

With 303 company engagements covering 491 topics in 224 companies and 29 markets AllianzGI again showcased strong commitment to its engagement activities in 2020.

In addition to direct company engagements, we undertake targeted thematic engagements, public policy engagements and participate in collaborative engagement initiatives aimed at improving corporate practices and disclosure of information at an industry or market level. With the launch of our dedicated climate engagement in 2021, we will further drive momentum towards climate transition see separate section.

Proxy voting

Active investment strategies benefit from the exercise of voting rights. We see proxy voting as a core part of our investment and stewardship processes. This also includes the careful evaluation of shareholder proposals, e.g. on climate or social issues. We have robust policies for major corporate governance and proxy voting matters and put substantial effort into developing and debating our views and positions. Our voting decisions are informed by in-depth research and analysis and discussions with investee companies and our proxy voting decision-making process involves close collaboration between portfolio managers and ESG analysts.

In 2020, we voted at 10,183 shareholder meetings. In 72 percent of the meetings we voted against management, withheld or abstained with at least one vote. These figures reflect AllianzGI's highly active and globally consistent approach to stewardship and a willingness to vote against proposals that do not meet its expectations of investee companies as well as fulfilling its duty to act in the interests of clients by considering each proposal on merit.

We consider voting on environmental and social matters a key part of our stewardship programme. During 2020, we showed strong support for shareholder resolutions on these matters. We backed almost 90 percent of all proposals requesting improved reporting on climate change and sustainability and 100 percent of proposals on community environmental impact. Human rights were another area where we showed strong support, voting for almost 95 percent of all proposals. This includes any human rights items, such as improving company's human rights standards or policies.

You can find more detail on AllianzGI's ESG related policies and proxy voting reports here.

Engaging for a low-carbon economy

Recognizing the importance of climate change and the power of engagement to drive real world impact, we launched in March 2021 a dedicated climate engagement approach for certain strategies. The approach aims to engage with companies on the climate transition pathway towards a low carbon economy.

How it works

As proxy for climate change impact we identify the top absolute CO_2 emitters per portfolio. In order to set realistic targets for each company, we analyze best practices per sector and what each sector should achieve going forward. This analytical framework provides a solid basis to define company specific engagement targets, which will be aligned within our investment teams and documented in our global research and collaboration platform. Examples for engagement targets could be greenhouse gas emissions reduction targets or board level remuneration targets linked to climate change. The engagements are performed centrally, tracked over time, their outcomes reported, and they support our investment and divestment decisions.

Ultimately Climate Engagement targets to improve risk adjusted returns by helping companies to adjust their business models.

03.3 Sustainability in asset management

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

SDG-aligned investing – investing with a purpose for society

The Sustainable Development Goals (SDGs) of the United Nations define global sustainable development priorities and aspirations for 2030 and seek to mobilize global efforts around a common set of goals and targets. The global focus on the SDGs creates attractive investment and business opportunities.

We have launched a new fund range to target progress against the SDGs responding to the growing client interest for investments with positive societal and environmental outcomes. The funds Allianz Positive Change, Allianz Clean Planet, Allianz Food Security and Allianz Sustainable Health Evolution build the foundation of a new range of sustainable products following an SDG-aligned approach and complement the existing funds Allianz Global Water and Allianz Smart Energy. The strategies are aligned with the environmental and social targets within the Sustainable Development Goals of the United Nations with the aim to act as a supportive shareholder in companies that enable the goals' achievement. The Allianz Positive Change fund takes the broadest view on SDGs. It invests in companies that enable preservation of the environment and protection of people through solutions that improve the sustainability of economic activity and the prosperity of human population.

The strategies follow a thematic approach to SDG-aligned investing, targeting the structural growth driven by economic and social shifts. The thematic view provides an alternative framework to identify key enablers and beneficiaries along the change. Investors participate in the investments that society will commit to in order to achieve the attainment of the SDGs.

How it works

We believe, investment decisions aiming to maximize positive environmental and social outcomes will lead to superior performance over time. Therefore, our priority is to actively allocate towards the thematic areas that require capital for financing the most urgent needs. Within these areas, we tilt the stock allocation towards companies with the biggest qualitative and quantitative contribution to the achievement of the desired sustainability goals. As the prioritization of capital needs and the degree of a company's contribution thereto changes with time, the strategy will be actively managed to react and adapt.

The strategies integrate ESG considerations and apply selected exclusion criteria to ensure companies held in the portfolio do contribute to positive outcomes in an environmentally and socially responsible way and are also well governed. Through this combined approach, the new fund range aims to focus the investment into companies with a net positive contribution to the environment and society.

Triple return: Financial, Environmental and Social Alpha

We believe that SDG-aligned investing delivers environmental and social returns alongside the financial performance. With an SDG-aligned approach, investors pursue resilient long term differentiated growth.

SDG-aligned investing is the democratization of "Impact" investing: it follows the same ultimate investment intention, but by investing in listed equites offers liquidity and accessibility for all investors.

We expect companies with business activities aligned with SDGs to be more resilient against macroeconomic and political volatility. Enablers for sustainable development goals benefit from regulatory tailwinds.

03.3 Sustainability in asset management

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
— PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

03.3.2 PIMCO

An ESG leader in fixed income

As active investors, we know it is not enough to rely on yesterday's performance or past credentials – we must innovate, engage and actively decide where to invest, and where not to invest, for our clients today.

As a leading fixed income manager with an active investment approach, PIMCO seeks to evaluate risks and opportunities for the investments it makes on behalf of its clients.

We actively engage with issuers around the world to drive innovation, encourage greater commitments to sustainability targets and support new issuance of sustainable bonds. Our first dedicated climate bond strategy was launched in 2019 and we have committed to create new sustainably themed and ESG-focused strategies to meet increasing client demand.

We published our third ESG Annual Investment Report providing a comprehensive overview across multiple ESG initiatives and our engagement efforts.

For the third consecutive year, PIMCO was rated A+ across all categories in the PRI Assessment Report, highlighting the strong commitment to sustainable investing.

Our approach to ESG investing

PIMCO's approach to ESG investing rests on two pillars. Firstly, we integrate ESG analysis into our broad investment research process. Systematically incorporating traditionally non-financial factors into the research process provides a holistic view of the long-term creditworthiness of issuers. PIMCO's team of credit research analysts assesses the ESG profile of issuers and includes a forward-looking assessment to assign separate 'E', 'S' and 'G' and an overall ESG score. The resulting assessments are proprietary and distinct from those provided by ESG rating providers.

Secondly, for investors seeking greater ESG focus in their portfolios, we have created a platform of ESG-dedicated solutions focused on delivering financial returns while achieving sustainability objectives and driving positive environmental and social change.

These solutions include strategies that reduce the carbon footprint of portfolios, allocate meaningfully to impact bonds and support issuers committed to embedding sustainability factors into their business models.

Bringing ESG into action: tools for ESG portfolios

Meaningful engagement is a common priority across all areas to inspire voluntary agreements around a common goal that benefits all parties. While our engagement is not the sole factor driving positive changes made by these companies, we believe it has a meaningful influence on the scope or timing of the commitments made by issuers, as well as the disclosures that those issuers report to investors.

1. Engaging through new bond issuance

We encourage corporate and sovereign issuers to advance their efforts by issuing a green bond or a bond linked to the SDGs.

Sustainability bonds

We have engaged with a leading energy transition company through the U.N. Global Compact (UNGC) for several years on their commitment to renewables and more recently through their participation in the UNGC symposium on SDG bonds – hosted at PIMCO's Newport Beach offices to encourage companies to issue SDG-linked bonds.

In response, in 2019 and 2020 the company issued General Purpose SDG-linked bonds (later called 'Sustainability-linked bonds)' – a first of its kind instruments where proceeds are used for general corporate purposes and future coupon payments, are linked to targets addressing specific SDGs (25 basis point (bps) coupon step-up, if targets are not achieved).

2. Addressing material ESG risks

As long-term investors with long lasting relationships with many companies, our role in the fixed income market enables us to partner with bond issuers to address long-term risks such as climate readiness and sustainability.

Engagement in the state-owned oil and gas sector

The oil and gas industry continues to face persistent stakeholder pressure on ESG, while progress from state-owned companies have traditionally been limited. Through our market position, we identify opportunities to engage with bond issuers in the oil industry that are absent from the equity market. In one case, our engagement aims to steer for ESG improvement and address long-term ESG risks with one such oil and gas company.

On a quarterly to bi-annual basis, we continue to engage the company on increasing the share of health & safety certification in operations and responses to oil spill and controversies. We deepened our discussion on climate in terms of setting targets on methane reduction, Scope 3 emission disclosure, enhancing scenario analysis, etc., and shared our views and references for areas of improvements across these topics. In addition, we are also part of the CA100+ investor group to collectively engage the issuer on climate change.

The engaged issuer in this case has acknowledged the growing importance of climate change consideration in their business and has responsively engaged in multiple exchange with our team on ESG. They plan to align climate change disclosure closer to industry standards and are reviewing options to increase health and safety certifications over time. We will continue to monitor the issuer's progress and carry out constructive dialogue on their improvement towards best practices.

03.3 Sustainability in asset management

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
— PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

3. Establishing climate targets

As climate action becomes a mainstream talking point for corporate and sovereign issuers, it is the job of active managers to identify those with innovative approaches to sustainability. This happens, through direct dialogue, engagement and collaboration with other companies and investors, sharing guidelines on best practices and expectations. It is also important to leverage bottom up research expertise and established relationships with issuers to provide concrete recommendations that are applicable to their business context.

On-going engagement to promote climate strategies and disclosure

Engagement activities allow us to have a regular and on-going dialogue over several years.

PIMCO has continued to emphasize best practices in terms of climate strategy and disclosure, including the importance of ratcheting up their carbon target and elaborating on their shift away from fossil fuels and their governance for climate change.

This specific issuer announced in September that they are revising their climate goals and now aim to reduce by 60 percent (versus 50 percent previously) their CO_2 emissions by 2030 versus 2010 levels and have a long-term objective to achieve net-zero carbon emissions (versus 80 percent with an aspirational goal of net-zero previously) by 2050. They also fleshed out various incremental supportive measures that suggest a potential acceleration in their low-carbon strategy, such as increased investments in solar and storage, planned retirement of coal plants.

4. Collaborating with industry groups

PIMCO partners closely with key industry groups to drive a more globally coordinated ESG effort, including:

U.N. Global Compact CFO Taskforce for the SDGs: A two-year project which aims to mobilize hundreds of Chief Financial Officers (CFOs) to tackle the financing needs of the SDGs. Scott Mather, PIMCO CIO of U.S. Core Strategies will co-chair the project in partnership with the U.N. Global Compact and energy utility, ENEL.

Global Investors for Sustainable Development (GISD) Alliance: Launched by U.N. Secretary-General A. Guterres in October 2019, the alliance consists of 30 CEOs who will focus on accelerating long-term investment into sustainable development. The GISD will deliver concrete solutions to scale-up long-term finance and investment which will specifically contribute to the realization of the SDGs (see also the GISD info box in section 03.2.1).

PRI Sovereign Working Group (SWG): Provides practical guidance for ESG integration and effective engagement in sovereign debt investing by analyzing material ESG risks and opportunities for sovereign bonds, identifying obstacles to further integration and establishing rationale and boundaries to bondholder engagement.

PIMCO's engagement efforts in numbers

PIMCO's credit research analysts engage regularly with the companies they cover. Topics of discussion include company management teams related to corporate strategy, leverage, balance sheet management and ESG-related topics such as climate change targets and environmental plans, human capital management and board qualifications and composition.

While we do not track every regular engagement a PIMCO credit research analyst has with an issuer, members of our dedicated ESG credit analyst team do track PIMCO's intensive ESG-focused engagements with corporate credit issuers that are being considered as investments for our ESG portfolios.

In 2020, PIMCO's 75+ global credit research team engaged with roughly 1,600 corporate bond issuers which represents more than 80 percent of PIMCO's corporate holdings by market value, representing issuers across industries and regions. Of the roughly 1,600 corporate bond issuers engaged globally, more than 600 issuers were engaged in depth, with repeat discussions on specific ESG topics and milestones monitored and tracked. These issuers represent almost 60 percent of the firm's corporate holdings by market value.

1 For background on the CA100+ initiative see also the CA100+ info box in section 03.2.1.

03.4 Sustainable solutions

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Providing responsible and innovative solutions represents a significant opportunity to grow our business and contribute to a sustainable, low carbon future. As a leader in the emerging consumers sector, we promote a more equitable society through access to financial products and services for people on low incomes.

In 2020, we generated revenues totaling € 1,878.9 million[1] from 232 sustainable solutions (2019: € 1,371.3 mn[2]) through our Sustainable Solutions program. They include:

- 106 sustainable insurance solutions;
- 27 emerging consumer solutions[3];
- 38 insurance solutions with a sustainability component[4]; and
- 61 sustainable asset management solutions[5].

Through our emerging consumer solutions, we have reached over 10.1 million[6] (2019: 10.0 mn) people living on low incomes in Asia, Africa and Latin America with affordable microinsurance and micro-savings solutions (see section 03.1.5).

We are also a partner in the transition to a low-carbon economy, delivering products and services with a positive environmental or climate-related impact. Our insurance, risk management solutions and advice enable individuals, companies and governments to implement renewable energy projects and manage climate-related risks (see section 03.1.3).

Allianz local entities and global lines work continuously to innovate and develop new and existing sustainable products and services for customers. We differentiate between four categories of sustainable solutions.

How 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: • 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: • 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: • Life and health insurance products at affordable premiums; • Third-party liability motorcycle cover at affordable premiums. **To find out more, please see section 03.1.5.**
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.	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. **To find out more, please see section 03.3.**

Details about the number of sustainable solutions Allianz offers, and associated revenues and trends, can be found in section 06.4 in Tables ESG-4 and ESG-5.

1 Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability.
2 Please note that the 2019 figure has been restated due to a change in scope.
3 This figure includes only emerging consumer solutions from consolidated entities.
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 Revenue data is not collected for sustainable asset management solutions.
6 This figure includes only emerging consumers served by consolidated entities. Allianz non-consolidated entities (such as Allianz in India) serve an additional 36.1 million customers.

03.4 Sustainable solutions

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

Sustainable solutions evaluation criteria

Our sustainable solutions must meet at least one of the following six criteria (see below):

Environmental criteria[1]

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

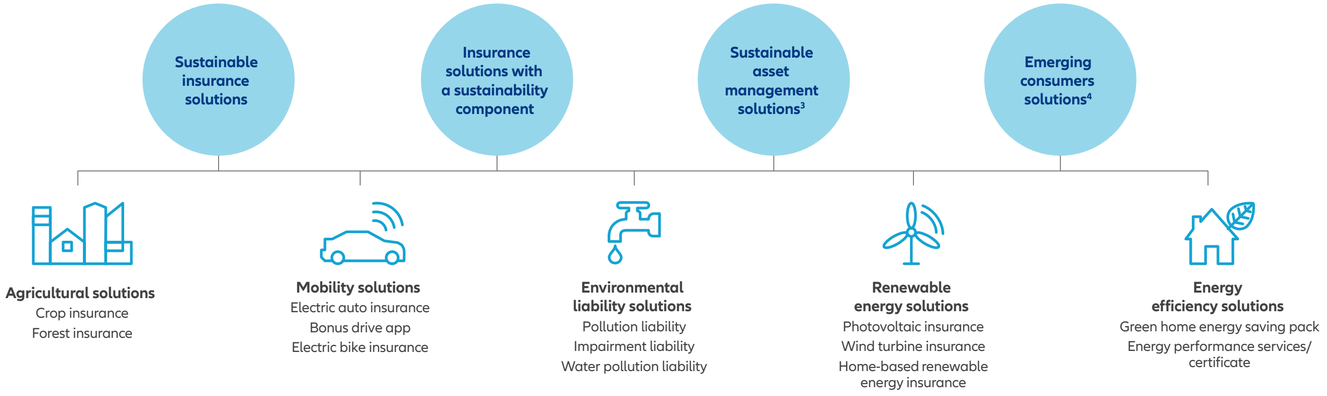
4. Facilitates activities to tackle social challenges and issues faced by socially disadvantaged groups (e.g. insurance tailored to social value-adding products/services that would otherwise not be insured).
5. Specifically tailored solutions for socially disadvantaged groups (e.g. products aimed at 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 groups[2] (e.g. products that include cause-related marketing or support schemes manage weather-related risks).

Examples of sustainable solutions

- We provide **health insurance** to vulnerable groups on occasions where for example, **term life insurance** coverage is difficult due to high premiums or where conditions are restricted. Allianz Germany offers term life insurance for diabetics who, in the event of death, can cover the financial gap left to the surviving dependents.
- In an effort to address urban traffic problems and support safe and sustainable integration of micro-mobility, Allianz Partners secures riders of shared e-scooters and e-bikes by providing **liability and personal accident** insurance during the time of their ride.
- To support the renewable energy market, Allianz Turkey has developed a **retail insurance product** covering photovoltaic platforms and electronic equipment used in buildings roofs.

What do we mean by sustainable solutions?

Examples of Allianz products with an environmental or social added value are shown below



Collaborating for a sustainable future...
...by embedding novel techniques in sustainable product design

We are embedding digital innovations and customer centricity within our insurance product design processes across the entire Allianz Group. Launched in 2019, the global Allianz Product Lab (APL) is an innovative framework for designing insurance products. It takes inspiration from automotive and other industries by applying computer-aided design (CAD) principles to specify products in a fully digital and modular way. The APL-based Allianz Global Offer Specification Tool allows users to design and specify insurance products for different markets and business lines in a fully digital and harmonized way – all based on Allianz Customer Model (ACM) principles (see section 04.4 on additional details on ACM). It embeds the same sustainability criteria from our Sustainable Solutions program, in product development, for example by enabling best-practice reuse, promoting sustainable product recommendations, and integrating risk and compliance checks into the product development process.

1 Initial environment criteria developed in conjunction with WWF and KPMG in 2011.

2 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. See section 04.3 for more details.

03.4 Sustainable solutions

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

03.1 Sustainability in insurance
Integrating ESG in insurance
Climate and renewables
Natural catastrophes
Cyber security
Emerging consumers
03.2 Sustainability in proprietary investments
ESG integration and engagement approach
Sustainability-themed investments
ESG in real estate investments
03.3 Sustainability in asset management
Allianz Global Investors
PIMCO
03.4 Sustainable solutions

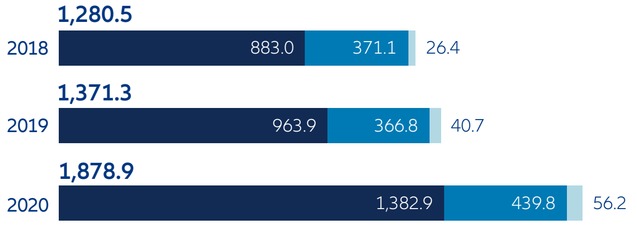
04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

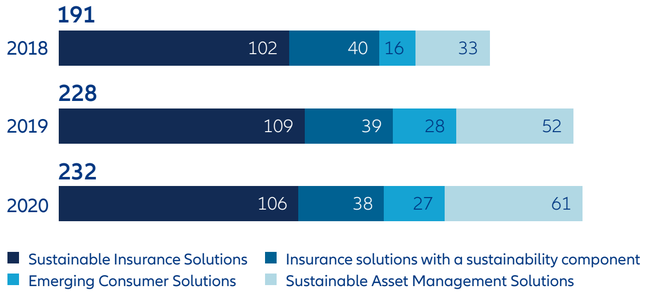
06
Data and performance

Revenue from sustainable solutions by category[1]

€ mn



Number of sustainable solutions by category[1]



€ 1,878.9 mn
Total revenues from sustainable solutions (2019: € 1,371.3 mn)

106
Sustainable insurance solutions

27
Emerging consumer solutions

38
Insurance solutions with a sustainability component

61
Sustainable asset management solutions

1 Please note that the 2018 and 2019 figures have been restated due to a change in scope.

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

04 Sustainability in our organization

Trust in Allianz is based on the integrity, resilience and competency of every one of our businesses and people. We want our stakeholders to know that Allianz is a responsible and trustworthy company that embraces sustainable business as good business.

We strive to embed sustainability in all areas of our organization – from creating a diverse workplace where people and performance matter, to reducing our environmental impacts and supporting social inclusion for next generations.

38.2 %
Female managers in the core business

-62 %
reduction in GHG emissions per employee since 2010

04.1 Human resources

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

We believe that collaborating for a sustainable future must start from within. 148,929[1] people are part of our diverse and global workforce. We are proud of how they supported our customers during the pandemic despite difficult circumstances, always led by our company purpose.

People are fundamental to our success, innovation and impact. We foster 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, training and development, and employee engagement. The health, safety, and well-being of our employees is of utmost importance.

Defining future workforce requirements in a fast-changing world is one of the key challenges businesses face. Which employees to recruit? Which trainings to offer? And which leadership styles, development opportunities and remuneration strategies are needed to attract the most talented people?

Embedding our purpose and strategy

Our purpose statement, 'We secure your future' guides how we act for our customers, employees and society.

Ensuring our employees understand and live by our purpose and strategy is crucial to the long term success of the company. In 2020, we launched a new Global Purpose and Strategy Engagement program to help employees understand the link between their work, and the company strategy.

On July 8, we celebrated the first ever Global Purpose and Strategy Day. 48 operating entities held events for around 120,000 employees to explore why Allianz exists, its role in society and how each individual contributes to our strategy.

Developing our employer value proposition

Why work for Allianz? We are now better placed to answer this question following feedback from 16,000 employees from 55 countries and 1,200 candidates. Building on the Allianz purpose, we have developed a new Employer Value Proposition (EVP) – 'We care for tomorrow'. It is based on our key strengths as an employer to address candidates' most important job choice drivers: providing a friendly, caring work environment; support for health and well-being; development opportunities; commitment to inclusion and diversity; strong financial performance; and sustainability engagement.

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. Our Inclusive Meritocracy Index (IMIX) measures the progress we are making in embedding inclusive meritocracy. This internal index is based on ten items from the Allianz Engagement Survey (AES) which deal with leadership, performance and corporate culture.

Our target is to reach an IMIX score of 73 percent by 2021. In 2020, we have already exceeded this target by scoring 78 percent.

Collaborating for a sustainable future.... ...by using the power of social media to connect our people

A key element of Allianz's Employer Branding strategy is to provide authentic insights into the company and employees' daily lives. #AllianzExperts is a recently launched content series through which employees showcase projects and expertise within their function. Content is collected from all Allianz operating entities and posted on Instagram, LinkedIn and the career website. An average engagement rate[2] of around three percent – compared to the financial services industry average of 0.5 percent – demonstrates the success of providing authentic insights.

Shaping the way we work: New Work Model

Our New Work Model is designed to shape where and how we will work in the future. It aims to capitalize on positive impacts for customers and employees brought about by the COVID-19 pandemic which acted as a catalyst for the transformation we had already started. The model includes a global framework and is based on four pillars:

Employees: During the lockdown, our approach to flexible working made us resilient and we want to ensure this continues across all our operating entities. The model includes, among other features, a global framework for remote working to guarantee our employees' ongoing flexibility. As we move forwards, we are aiming towards a mix of working from home and office work to become the norm. The physical health and mental well-being of our people have been particularly tested this year and will remain one of the main areas we are focusing on with the New Work Model to ensure we adequately support employees to be healthy in their lives.

Additionally, we want to significantly reduce business travel by leveraging technology. This will save time and money and help reduce our GHG emissions; it will also reduce stress and fatigue. Allianz people who experience daily commuting or frequent business travel know how taxing it can be for our health and work-life balance.

Customers: We want our customers to be able to reach us from anywhere at any time through the channel of their choice. Besides offering multi-channel dialogue, we will further increase the digitalization of our agency network. Developing ecosystems with end-to-end customer service and achieving a good mix of physical and virtual customer interactions will speed up our service and improve our customer relations.

1 Figure includes only employees in core business; total employees (core and non-core): 150,269.
2 Number of likes, shares, comments divided by the number of views per post.

04.1 Human resources

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact
05 Allianz's climate-related financial disclosure
06 Data and performance

Organization and culture: We aim for a working culture that values trust, collaborative leadership, entrepreneurship and customer and market excellence. A culture where results matter more than physical presence and hierarchical structures. Flexible and agile working and offices turned into versatile places of collaboration, innovation and exchange will speed up the cultural change.

We will support this change by transitioning to an organization that is less hierarchical, faster and more agile. Lifelong learning for all Allianz employees will help build the right leadership skills. Our #lead and #learn programs have already started to support this change.

Resilience: We will increase the resilience maturity of operating entities to ensure business continuity. At the same time, we will strengthen the resilience of our global workforce through Strategic Workforce Planning and the identification of the right skills to upskill and reskill our people according to evolving business needs.

Fair and transparent reward

Our policy is to ensure equal pay for equal work, and work of equal value of all employees regardless of gender, sexuality, ethnic background, family status or any other demographic factors. We are committed to fulfilling all regulatory requirements with regards to equal pay in every market in which we operate.

We adopt best practices proven to support fair pay. This includes collection and analysis of equal pay data and implementation of best practices to remove bias from salary decisions. We monitor fair pay measures across the organization as part of our ambition to eliminate the equal pay gap globally.

Our remuneration system provides a transparent and balanced offering to attract, motivate, retain and reward people in a fair and appropriate way using monetary and non-monetary rewards. All employees receive local position and market-based fixed compensation (base salary and in some markets additional fixed special payments such as tariff-mandated payments in Germany). Employees may also be eligible to receive variable compensation. Our variable remuneration system aligns remuneration with individual performance and achievement of Allianz's financial and strategic goals. The 'pay for performance' culture allows us to operate effectively under different performance scenarios and business circumstances while promoting risk control and avoiding inappropriate risk taking.

We obtain benchmarking information and review compensation annually to ensure our remuneration offering remains competitive in relevant markets.

Developing a share ownership culture

We believe in fostering a share ownership culture to help motivate employees to contribute to our strategy and digital transformation. In 2020, the Allianz Employee Share Purchase Program (ESPP) was extended to include employees in the U.K., bringing the scope of the Global ESPP to approximately 92 percent of the total Allianz population across 42 countries (2019: 41 countries; 2018: 30 countries).

The ESPP is designed to provide eligible employees with the opportunity to purchase Allianz shares at a substantial discount. For every three Euros employees invest, Allianz adds another one Euro into the plan for them. Shares purchased through the ESPP are subject to a three-year holding period to promote long-term value creation and align employees' interests with those of shareholders. Over the past year, employee participation in the ESPP increased by almost 90 percent.

As productivity goals were met in 2019, Allianz offered a free share (or the equivalent in cash) to Allianz employees in more than 70 countries to celebrate the success.

Strategic workforce planning

Our strategic workforce planning approach compares workforce by job profile supply in the next five years against workforce demand. This enables us to identify where to invest in our workforce and in preparing our people for the future.

By end of 2020, the program covered around 53 percent of the global Allianz workforce, up from 32 percent in 2019; due to the COVID-19 pandemic, the rollout has been slightly delayed. The aim is to increase to 80 percent by the end of 2021 and to address the identified learning gaps through our Learning & Development strategy.

We have developed five-year strategic workforce plans to support the digital transition and resilience with the focus on upskilling, reskilling and smart recruitment, while minimizing potentially detrimental social and financial impacts.

Understanding what the transition to a digital future means for Allianz and its people is a strategic priority. Digitalization will change the composition of the future workforce – some job profiles are not going to exist and there will be new profiles and capabilities developed alongside considerable changes in existing profiles and skills. This will require major upskilling and reskilling initiatives to prepare our workforce for the future. A smart recruiting strategy is crucial to ensure the acquisition of the right skills for the future, 'like-for-like' recruiting should be avoided and emphasize new and strategic relevant skills.

Working closely together with Allianz University, we are developing learning packages and paths mainly in digital format through our learning platforms (LinkedIn Learning & degreed) for our employees to foster a lifelong learning culture. Our main focus is on digital skills and skills around data and agile working are gaining importance. Skills like IT security, communications and HR also proven to be absolutely essential during the COVID-19 crisis considering the increasing number of remote working places.

04.1 Human resources

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

HR transformation program

We are building a business-oriented, global HR function which acts as an impactful, strategic partner and service provider to the business. The HR transformation will provide a foundation for all HR processes and will increase the level of standardization and automation. We are also working to ensure a state-of-the-art customer orientation in our HR functions to enhance employee experience.

HR transformation modules

Foundation – The Foundation cluster covers employee central (EC) and learning management system (LMS).

SuccessFactors Enhancements and Analytics – contains the following SuccessFactors modules: Performance Management, Talent Management, Compensation and Variable Pay. With the SuccessFactors Analytics module, various metrics and HR KPIs can be tracked.

Employee Central – this is the heart of our HR system and contains the structure of operating entities and basic employee data. It is a module which builds meaningful relationships on entity level and assigned HR business partner, Center of Expertise (CoEs), managers and employees.

My HR Portal – the central gate to the HR world at Allianz. It bundles all HR information and applications in one system, simplifying the process of finding answers, starting HR processes or getting in touch with HR. It is a one-stop shop for HR related content.

Employee rights

Allianz actively strives to ensure that employee rights are protected across all OEs. To support these principles, 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. At local level, employee representation is widespread across Europe. The Allianz SE holding company has a supervisory board made up of 50 percent employee representatives.

For information on how we respect human rights as an employer, see section 02.8.

04.1.1 Diversity and Inclusion

We believe in equality of opportunity and that diverse minds and abilities make us more innovative, more resilient and better equipped for the future. We commit to providing a fair and inclusive working environment where everyone can succeed regardless of gender, age, ability, religion, sexual orientation or cultural background.

The diversity of our workforce enables us to truly understand the needs of our equally diverse customers. Fostering an inclusive culture benefits the business and ensures that we are a credible, trustworthy partner. Consistent with the Allianz Code of Conduct, we have zero tolerance of discrimination and harassment in the workplace.

D&I governance and engagement

Our Global Inclusion Council has been in place since 2007. It is chaired by an Allianz SE Board Member and consists of senior executives from around Allianz Group. In 2020, the council played an important role in defining our new Diversity and Inclusion Strategy 'Inclusive 21'. The new strategy is built around three pillars: Employees, Customers and Brand & Reputation and is embedding diversity and inclusion in the whole business.

Council members support Operating Entities around the globe to embed the strategy in their businesses. Progress towards global strategic targets is reviewed regularly by the Allianz SE Board of Management.

We continuously train our leaders and employees on the topic of diversity and inclusion to raise awareness and reduce the negative impact of bias in, for example, recruiting and talent management. In 2020, over 180 recruiters were trained on aspects of diversity recruitment via webinars and interactive online learning. Topics included inclusive language for job ads, sourcing techniques and unconscious bias.

04.1 Human resources

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

External commitments

In 2020, we signed the U.N. Women's Empowerment Principles and the U.N. LGBT Code of Conduct. We underlined these commitments with global and local internal and external campaigns to celebrate International Women's Day, International Men's Day, Pride, and International Coming Out Day.

We also signed the Valuable 500 commitment, a global movement working to put disability on the agenda of business leadership. Allianz officially joined this movement and confirmed that we will continue working on increasing disability inclusion. We prominently celebrated our global engagement on disability inclusion by participating in the #purplelightup2020 of the Allianz Arena in Munich.

Increasing diversity at senior levels

Diversity of minds flourishes when the company culture allows people to bring their whole selves to work. Our progress in having women and people of different nationalities, generations and cultural backgrounds in senior roles is a clear display of having challenged the status quo.

In 2020, the Allianz Board and senior leadership maintained the focus on systematically supporting gender diverse employees in senior leadership positions and reached 20 percent women on the Allianz SE Board of Management. Since January 1, 2021, we have three women (30 percent) on the Board. To continue this positive trend, we need to retain a keen focus on the development of our talent pools and further increase our support for balancing work and personal commitments. This is even more important following the events of 2020 which have changed workplaces and impacted the entire workforce. Many employees are working under challenging circumstances and women have been especially impacted.

Engaging employees through inclusion networks

Employee networks facilitate the sharing of best practices and coordination, for example building vocal allies and mentoring programs to create the momentum needed to achieve our diversity and inclusion ambitions.

Around the world, a growing number of Allianz employees have access to a community that makes them feel that they belong. Following the creation in 2019 of the global employee networks Allianz NEO (focusing on gender inclusion) and Allianz Pride (focusing on LGBT+ inclusion), we have established global network boards for both topics. The networks have been given a permanent seat at the Global Inclusion Council and are being sponsored by senior leaders. With over 15 local networks and strong cross-network collaboration, the number of local initiatives has increased. Local chapters are connecting to drive events and activities; for example, hosting cross-operating entity panel discussions.

Three further global networks are being established to connect local networks that engage in generational (Allianz ENGAGE), multi-cultural (Allianz GRACE) and disability inclusion (Allianz AllAbility).

04.1 Human resources

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

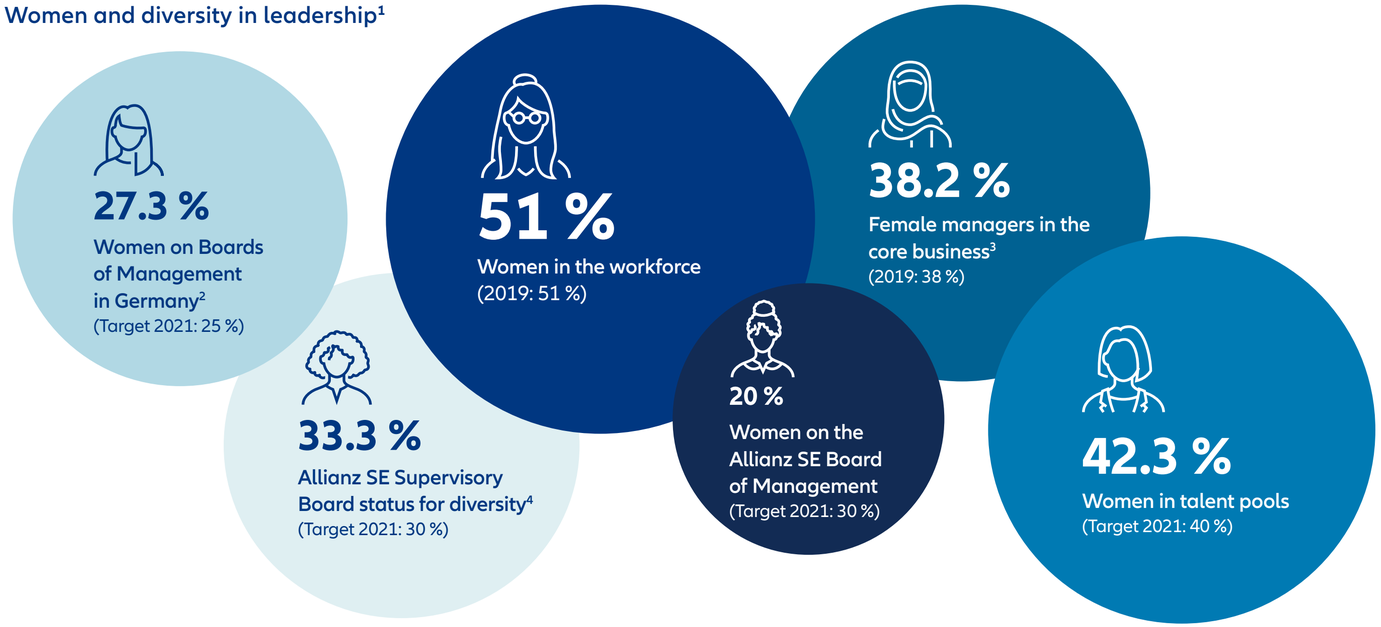
04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

Women and diversity in leadership[1]



"We continuously live up to our commitment to fostering Diversity and Inclusion (D&I) and promoting a culture of respect and equality. With our recently introduced D&I strategy 'Inclusive.21', we aim to further drive D&I for our employees and customers and remain steadfast in making Allianz a truly inclusive place to work."

Renate Wagner
Member of the Board of Management of Allianz SE, Chairperson of the Global Inclusion Council

Awards and recognition

Refinitiv Diversity and Inclusion Index (global ranking) – Allianz was ranked top 7th in 2020

Financial Times Diversity Leaders (Ranking for diversity leaders in Europe) – 2020: #108 and #1 in Insurance Germany

Bloomberg Gender Equality Index (global listing)

Allianz US Life:

Best Place to Work for LGBTQ Equality List in 2020 provided by Human Rights Campaign Foundation

#40 on 100 Best Workplaces for Millennials in 2020 provided by FORTUNE

Diversity and Inclusion Champion in 2020 provided by InvestmentNews

Allianz Suisse: Swiss LGBTI Label 2020 by Schwul-lesbischen Berufsnetzwerke Network and WyberNet

Allianz Australia: Employer of Choice for Gender Equality citation in 2020 provided by the Workplace Gender Equality Agency

Allianz U.K. : #29 in Inclusive Top 50 U.K. Employers' Index in 2020 provided by Inclusive Companies

Allianz Germany: Best employer for women in 2020 provided by Brigitte

Allianz Technology (in India): 100 Best Companies for Women in India in 2020 provided by Working Mother & Avtar

Allianz Italy: Top Employer for Women in Insurance in 2020 provided by Top Employer Institute

Allianz Spain: Equality badge 2020 – provided by the Spanish Women's Institute and the Ministry of Equality

1 Data as of December 31, 2020. For additional information please see Table HR-7.
2 This indicator only covers the following entities: Allianz SE, Allianz Deutschland AG, Allianz Versicherungs-AG, Allianz Lebensversicherungs-AG, Allianz Private Krankenversicherung, Allianz Beratungs- und Vertriebs-AG, Münchener und Magdeburger Agrar Versicherung, Allianz Technology, Allianz Global Investors, Allianz Global Corporate & Specialty SE.
3 Includes women functionally responsible for other staff, regardless of level; e.g. division, department and team managers.
4 Diversity on the basis of origin or function and representing regions or cultural areas where Allianz Group conducts business. For additional details see the diversity concept for the Supervisory Board published in the Group Annual Report 2020, page 18.

04.1 Human resources

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact
05 Allianz's climate-related financial disclosure
06 Data and performance

04.1.2 Training and developing our people

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

We focus on promoting lifelong learning through our newly launched initiative #learn. We employ a wide range of learning and development approaches including on-the-job learning, mentoring and coaching, classroom training workshops, peer circles, and digital/mobile learning.

Recruiting and training our specialists is a key priority. The Property & Casualty and Life & Health Academy aims to strengthen group-wide underwriting and pricing capabilities. Allianz also has programs in place in key areas including strategy, finance, communications, market management and operations.

€ 63.1 mn
invested in **employee development**

79 %
employees took part in at least one **targeted training session**

€ 442
investment per employee in **development and training**

2.7
average days of training **per employee delivered**

See further details in Table HR-10.

AllianzU

Allianz University (AllianzU) is our group-wide home for employee learning which aims to provide every employee with the right program to support their continuous development. It is focused on providing accessible learning technologies that empower employees to equip themselves with the right information, at the right time.

Current digital opportunities include LinkedIn Learning, available to all employees worldwide. In 2020, Allianz's employees reached a registration rate of 48 percent (more than 68,500) on LinkedIn Learning. Our employees completed over 192,000 hours of learning. Allianz began rolling out the AllianzU Learning Platform powered by degreed in 2020, a new state-of-the art learning platform, aligned with the strategic workforce planning project. The platform will provide high quality learning content focused on digital skills. It was launched across pilot operating entities in January 2020. As of the end of the year 2020, the platform has been launched to over 70,000 employees, making all learning platforms available under one umbrella.

68,500
registered **LinkedIn Learning user**

192,000+
viewed learning hours on **LinkedIn Learning**

04.1 Human resources

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

The Allianz Leadership Passport

To establish a minimum standard of skills amongst our leaders, we launched the Allianz Leadership Passport – a #lead program. Learning experts from global operating entities joined forces to design the Allianz Leadership Passport for our people leaders – no matter their level, location or experience.

The passport is the license to be a people leader at Allianz. Our people leaders will embark on a continuous learning journey consisting of self-led gamified learning on the #lead platform and a #lead experience, plus deep-dive options on specific leadership topics. The passport covers technology-focused IQ skills and people-focused EQ skills – from digital leadership to storytelling and resilience.

Since its launch in June 2020, the #lead platform has over 10,000 people registered. Over 4,800 have completed the three online missions comprising 14 hours of content. September 2020 saw the launch of the #lead Experience – a sequence of four virtually delivered trainings. As of December 2020, 970 participants have completed the #lead Experience with a total of 15,520 hours of virtual leadership training, as a result over 700 Allianz Leadership Passports have been issued.

Developing strong leaders

Allianz's long-term success depends on fostering strong leadership skills at all levels.

#lead Empower (formerly the Allianz Leadership Development Program ALDP) is a group-wide program for experienced leaders that provides participants with development support for their next career step to a senior executive role. In 2020, 38 of our high potential leaders started their journey, of whom 34 percent were women. These leaders represented 17 countries and 25 entities.

The Allianz Management Program (AMP) is designed to equip the next generation of global Allianz leaders with the knowledge, mindset and skills to lead in an inclusive, meritocratic environment. In 2020, it was completed by 63 participants, 29 percent of whom were women, from 17 different entities.

Leading with people development

The Allianz Leadership Passport case study

Since 1890, all around the globe, we have been working hard to secure people's lives and to give courage to our customers for what's ahead. That puts us in a perfect position to understand that we can't take our own future for granted. As markets change, what made us successful yesterday won't necessarily be what makes us successful tomorrow. We know that, if we want to compete in the future, we need to equip our teams with the right skills and capabilities. That begins with our leadership.

The new business models that are emerging require a new kind of leadership – leaders will need to exercise emotional intelligence, develop a growth mindset and lead with an inclusive, 'we' mentality, as well as mastering digital opportunities.

The Allianz Leadership Passport

To attain their Allianz Leadership Passport, leaders will embark on a continuous learning journey consisting of two parts. A self-led, online gamified learning on the '#lead Platform' and a four hour × four day '#lead Experience', a virtually delivered, instructor-led training.

To maintain their Allianz Leadership Passport, leaders continue their learning journey through the newly launched AllianzU learning platform and complete 100 development points every two years.

Development points are a mechanism for employees to track their own learning and development journey. Points are automatically allocated by the AllianzU platform when you engage in a learning activity (e.g. class, video, podcast, books) and recorded on your profile. In general, one development point is the equivalent of one hour of learning.

The Allianz Leadership Passport is for all people leaders at Allianz, regardless of level, experience or location. We define a people leader as someone who manages two or more direct reports. In the future, we may also consider leaders who frequently manage people as part of a project.

The intangible benefits of such a program are quite varied; examples of these are:

- #lead Leadership Passport will help leaders to improve their AES (engagement) scores, leading to overall better team performance.
- For experienced leaders, the leadership passport will give them a unique opportunity to mentor people leaders with less experience or peers from a different area of the business. They will also learn something from their mentees that they hadn't expected.
- For new people leaders, #lead will give them the opportunity to learn from more experienced leaders or peers from a different area of the business.
- Attractiveness to external candidates, internal talent development thus avoiding expensive recruitment and on-boarding processes, role modelling to other leaders and engaging the board in the development process.

04.1 Human resources

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

Performance management and transparent feedback

At Allianz, both people and performance matter. Our employees want to know how they are performing and how to develop. This feedback is most useful if it is regular and 'in the moment'.

Our Global Performance Management process related to the 'What' (annual priorities) and the 'How' (personal behavior) covers nearly 50,000 employees, with the goal to cover all Allianz's employees worldwide as part of the HR Transformation project by the end of 2022. The three key touchpoints for employees and managers to discuss performance and development are the priority setting and personal development plan (PDP) process, mid-year check-in and year-end review. Ongoing multidimensional feedback (from people leaders, direct reports, peers and others) to employees is also embedded in the performance management process to continuously help them improve performance and develop their capabilities.

We use multi rater to foster an open and honest feedback culture. It is an additional tool that helps employees gather multidimensional feedback. Aimed at executive levels, it provides valuable insights into perceived strengths and development needs. In 2020, we enhanced its impact by running it prior to the mid-year check-in and we simplified the questionnaire to create a better user experience.

Following a successful pilot in late 2019, we have introduced a new integrated performance and talent dialogue (PTD) as part of year-end discussions for the whole Allianz Group. It aims to identify clear actions for people where it matters most and leverages high potentials to encourage a performance culture. The PTD comprises a panel discussion focused on performance and development, retention and/or consequence management actions.

Attracting talent

In 2020, Allianz recruited 19,564 (2019: 24,829) candidates and around three million viewers visited the Allianz Group career website (www.careers.allianz.com). We focused on leveraging new technologies to recruit candidates – for example using Google Assistant's voice technology to let applicants practice a job interview with real-life questions. This is now available in French language alongside English and German.

To simplify the candidate experience, we continue to merge content from local career websites onto one online platform (www. careers.allianz.com). We have completed a similar exercise on LinkedIn – the so-called 'Life tab' of our company page now unites jobs and career-related content of various local and global Allianz operating entities. An algorithm decides which content is shown based on a user's LinkedIn profile.

We have started to use Net Promoter Scores (NPS) to track candidate satisfaction with the online application tool and with the recruiter and hiring manager during the job interview process. With respect to the online application tool, we know many candidates find the registration and application process too long and complicated – especially given they usually already store their relevant CV information on networks like LinkedIn. We are laying the groundwork to improve the candidate experience. By the end of 2021, we intend to implement a new global application system to simplify the process. This will see a reduction from having dozens of fields to fill in, in the current system to only five mandatory fields: first name, last name, phone number, e-mail address and CV upload. We will keep improving the experience candidates have with both recruiters and hiring managers. Top performing entities share what they are doing to achieve best-in-class 'Hiring Experience NPS' scores.

For further details about our recruitment and turnover rates, please see Tables HR-5 and HR-6.

1st

No. 1

Universum Communication's[1] 2020 report on the world's most attractive employers ranks Allianz **Number 1 within the insurance industry** and sees Allianz amongst the **'Top 10 Risers'**.

1 https://universumglobal.com/wmae2020/

04.1 Human resources

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

04.1.3 Engaging our employees

Employee engagement is key to driving long-term business success and supporting our journey towards becoming a truly customer-centric organization.

The Allianz Engagement Survey

The Allianz Engagement Survey (AES) is our formal employee platform for gathering employee feedback and promoting a high-performance culture. Survey results are directly linked to the performance objectives of the Group's Board of Management. Reflecting our commitment to building a culture of Inclusive Meritocracy, managers and employees discuss the results of the survey within their teams and agree on actions to address areas for improvement.

Acting on employee feedback from the 2019 survey

As a follow-up action to the AES and sponsored by the CEO, the VOICE initiative brought together employees from different levels and functions to work on key focus areas within the field of employee engagement. In the course of the ongoing implementation of 2019 ideas, three new ideas were developed and implemented in the VOICE 2020 initiative:

- **Team Check-In** – to institutionalize a continuous team dialogue to build trust and improve communication. Regularly discussing priorities and sharing concerns are key to a healthy workplace;
- **Meet the eAZy way!** – an internal process optimization to improve alignments and streamline processes;
- **Triple E – Educate. Enable. Experience.** – aimed at fostering: transparency around HR processes, meaningful development plans and an appreciation culture.

VOICE at Allianz SE is a platform that gives bottom-up inputs to empower employees to develop pragmatic, implementable solutions to areas for improvements identified through the Allianz Engagement Survey.

Results of the AES 2020

In 2020, 132,593 (2019: 123,505) employees from more than 67 Allianz companies worldwide were invited to take part in Allianz Engagement Survey, with a response rate of 85 percent (2019: 84 percent).

Key strengths highlighted by the survey results included outperforming the IMIX ambition (73 percent) by 5 percentage points (2020 result: 78 percent) and our Work Well Index+ (WWI+) ambition (66 percent) by 4 percentage points (2020 result: 70 percent). Further, the results of the global AES are analyzed by various geographic and demographic factors such as, for example, gender and generations, to enable the organization globally and our entities locally to derive targeted measures.

Three focus areas highlighted to maintain or increase engagement in 2021 were:

- Reward and recognition (65 percent favorable, up seven percentage points from 2019) – to be addressed by the equal pay initiative and review of global benefits strategy including transparency on pay benchmarking.
- Learning and development (67 percent favorable, stable from 2019) – this will be addressed through a global mobility strategy and talent brokerage, and the new global Career Track framework.
- Job and processes (71 percent favorable, up four percentage points from 2019) – to be addressed by the New Work Model initiative including the Agile@Scale initiative and acceleration of Strategic Workforce Planning.

The Employee Engagement Index (EEI) measures the extent which employees are motivated to contribute to organizational success. This internal index comprises four AES items covering the areas of employee satisfaction, loyalty, pride and advocacy.

In 2020, the EEI score was 78 percent (2019: 72 percent). Based on the feedback received, the score increased in 2020 due to the initiatives implemented in response to the COVID-19 pandemic in particular.

Based on feedback from the AES, we have launched a new Global Health Program organized around five core dimensions identified as important to health and well-being by employees.

For further details about the Allianz Engagement Survey results, please see Table HR-11.

As a result of the 2019 focus areas, we saw marked improvements across all three areas in the 2020 AES results with specific achievements on the topic of Top Management and Strategy score (up seven percentage points from 2019).

Social dialogue 2.0

We engage closely with employee representatives to support change implementation, manage impacts on employees and promote opportunities. Social dialogue is a pan-European forum which has existed at Allianz for over a decade. It supports progress of the Renewal Agenda and our response to the increased pace of change of topics such as the digital revolution. Topics discussed in 2020 included the Gender Equality Working Group, Equal Pay, #lead and #learn, Global (Mental) Health Program, Agile Working and various best practices from other Allianz operating entities.

132,593
employees from 67 **Allianz companies worldwide** were invited to take part in Allianz Engagement Survey (85 percent response rate)

78 %
Employee Engagement Index score

04.1 Human resources

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

04.1.4 Health and mental well-being

In 2020, the global pandemic shone a spotlight on the importance of health and mental well-being. Allianz is committed to being an inclusive workplace and supporting employees to be healthy in their lives. This commitment extends to physical, emotional and social health needs of our workforce. We will support our businesses in implementing priority actions which are relevant to their local circumstances.

We are a signatory of the pan-European agreement on guidelines concerning work-related stress.[1] Allianz SE's management and the European SE Works Council have also signed a Joint Declaration on telework. This serves as good practice guidance for Allianz's companies deploying telework and covers all aspects of flexible working arrangements outside Allianz premises.

We offer flexible working in terms of location and hours, including part-time jobs at all levels, to help manage work-related stress and work-life balance. In 2020, the COVID-19 outbreak forced the majority of Allianz employees to switch to remote working almost overnight. The transition was handled extremely well by our workforce. We set up the New Work Model initiative to leverage our learnings from the pandemic and build a more resilient and sustainable organization (see section 04.1).

At Allianz, we understand that support for parents through childcare provision can be a major benefit. It can help support gender equality and work-life balance with a more inclusive and healthy workplace. Many Allianz businesses are working to provide this support through formal policies and specific offerings customized to their local situations.

Allianz is committed to encourage local businesses to support employees and provide a range of global online support materials which can be customized to communicate the local provisions to employees in line with legal requirements.

Collaborating for a sustainable future...
...the Work Well Program to manage 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. This important aspect has been integrated as one of the New Work Model ambitions. The Work Well program, launched in 2015, aims to provide a healthy and productive workplace to enable our employees to reduce work-related stress. It consists of eleven minimum actions to be implemented by our top 50 Operating Entities to reduce stress in the workplace, for example Employee Assistance Programs: 24/ 7 anonymous professional mental health support hotlines, eligible for all employees.

The eleven minimum actions were developed to ensure that managers and employees are trained to recognize work-related stress and to regularly discuss stress and its consequences in their daily routine. Furthermore, minimum actions to improve the work organization, e.g. supportive use of digitalization and IT, as well as professional psychological support were implemented.

To track the successful implementation of the Work Well program, the Work Well index (WWi) has been our global indicator for work-related stress since 2015. It evolved into the Work Well Index plus (WWI+) in 2019 by adding three additional questions around access to required resources and processes in work environment. The WWi and WWi+ have enabled us to track the progress of health and well-being throughout the organization. The Index is a scientifically-validated tool that measures work-related psychosocial stress based on 13 equally weighted metrics. These metrics cover dimensions of demands, rewards, control, support, social capital and efficiency. A higher index score is associated with less work-related stress.

Efforts to implement the Work Well program globally have paid off. In 2020, the WWi+ score was 70 percent, up from 66 percent in 2019 and 64 percent in 2018 (recalculated including the new efficiency dimension introduced through WWi+). This surpasses our WWi+ ambition for 2021, which has been set to 66 percent in 2019, indicating that our employees rate the company's efforts to reduce work-related stress very positively.

Our efforts around employee health and well-being have been acknowledged several times, including:

Allianz Taiwan

- HR Asia Best Companies to Work for in Asia 2018, 2019, 2020 provided by HR Asia Awards Taiwan
- Top Insurance Workplace 2020 by Insurance Business Asia
- Taiwan/ Sport certificate by the Sports Administration of the Taiwan Ministry of Education

Allianz Asia-Pacific Regional Office

- Top Insurance Workplace 2020 by Insurance Business Asia

Allianz SE

- Excellent Corporate Health Management by the EUPD Corporate Health Award

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

04.1 Human resources

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

Health and well-being across our businesses

In 2019 and 2020, Allianz Asia Pacific drove standardizing of paid maternity leave in Asia up to four months. Asia paid maternity leave is typically two months. Up until now, Indonesia, Thailand and Taiwan have implemented this extended financing of paid maternity leave.

- Allianz SE has worked with a local partner to open an onsite subsidized daycare facility for employees working in the Munich head office.
- Allianz Switzerland provides an inhouse day care facility for employees.
- Allianz Germany provides a day care centre for employees to improve work-life balance at our Unterföhring office.

To improve health and well-being across Operating Entities, Health and Well-being managers are responsible for driving activities at OE level. 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 all activities to meet local occupational health and safety standards.

Understanding employee needs

In 2020, our main focus was on supporting employees' health and mental well-being during the unprecedented period of uncertainty and social distancing. As part of the New Work Model, we conducted a global employee pulse check survey to identify sources of work-related stress in times of remote working. Our employees rated five key areas of improvement as important:

- the need for professional psychological support (22.3 percent favorability)
- better training for people leaders (39.9 percent favorability)
- additional corporate wellness programs (38.5 percent favorability)
- regular employee feedback rounds (40.0 percent favorability)
- improvement of our work organization (51.1 percent favorability).

Acting on employee feedback – health in action

Based on employee feedback through the pulse check survey, we plan to merge the Work Well Program into four Minimum Health Requirements to take appropriate follow-up actions and to anticipate corporate health and well-being trends. The mental health and well-being of our employees is our ultimate goal and we therefore developed a consistent framework for all our Operating Entities around the world that comprises the following three dimensions: Mental and Physical resilience, Motivation and Engagement as well as Work Effectiveness. The Minimum Health Requirements will ensure access to professional support hotlines for all employees and effective training for all people leaders to maintain health and well-being in their teams.

Collaborating for a sustainable future... ...focusing on mental health in the year of the COVID-19 pandemic

In 2020, the Global Health Days initiative increased the focus on mental health and well-being. This was a virtual event brought to all Allianz employees globally, with specific days dedicated to health and well-being throughout the year.

The initiative kicked off on June 23 – International Olympic Day – by celebrating Global Health Day at Allianz and paying tribute to the upcoming partnership with the Olympic and Paralympic Movements in 2021. Virtual Zumba dancing classes and inspirational talks by Paralympic athletes engaged employees across five continents.

On October 8, we marked a day to focus on Global Mental Health at Allianz. Colleagues from all over the world participated in virtual activity sessions and panel discussions, and received inspirational insights into the importance of mental health from colleagues and professionals.

We ran additional mental health initiatives during the lockdown, such as virtual meditation and yoga training and regular communication around the importance of mental health by the Allianz SE Board of Management.

Many local mental health initiatives were conducted in addition to global activities. Examples include mindfulness teaser sessions hosted by the Allianz Technology Global Mindfulness Community and the implementation of a Mental Health Program by Allianz Australia, featuring Mental Health Ambassadors and advocates.

04.2 Data privacy and information security

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

Protecting our customers and their data and maintaining their trust are our highest 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.

04.2.1 Data protection and privacy

Increasing digitalization comes with privacy challenges such as navigating data privacy laws across jurisdictions and communicating with clients through the digital channels they prefer in a data privacy responsible manner.

It is our commitment to protect 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.

The E.U. General Data Protection Regulation (GDPR), which became effective on 25 May 2018, has increased attention on how companies comply with data protection requirements. Companies that have been found to be deficient have been fined, in some cases, significant amounts. Defective data privacy practices can impinge on the rights and freedoms of customers and employees. Together, these consequences can lead to negative publicity.

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.

We publish a Privacy Notice which clearly states the type of information we collect and 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.

Our group-wide privacy program continues to mature as we commit to provide services digitally as a matter of practice through our Digital by Default services. The program includes embedding robust privacy controls such as privacy impact assessments, data ethics assessments and monitoring activities through a privacy-focused culture. 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.

As the privacy program transitions from implementation to business-as-usual, we will monitor privacy governance activities and processes across OEs. These status assessments will be used as basis to embed enhanced integration of privacy obligations in day-to-day business. Monitoring activities include site visits, reviews of program documents, interviews and expert challenge calls.

Privacy risk management

We consider the identification and management of 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, for instance customer health data and employee data, enable the early identification of risks to ensure they are managed appropriately.

In 2020, we deployed a comprehensive suite of PIA guidance and training materials, including on-demand videos. These materials set a high standard for teaching privacy professionals about the PIA methodology. We also published a new global template for undertaking PIAs which makes the process more robust and less burdensome for process owners. Over time, we aim to achieve superior insight into our use of personal data and a more sophisticated understanding of the risks arising from personal data processing activities. Privacy risks are included in Allianz's Integrated Risk and Control System (IRCS) which helps us measure and monitor privacy.

04.2 Data privacy and information security

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
— Data ethics
— Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

4.2.2 Data ethics

We have set up the Allianz Data Ethics Project in response to the increasing regulatory initiatives and public debates on data ethics and artificial intelligence (AI) worldwide. The project brings together experts from various functions and OEs to strengthen the internal governance framework for AI. The project also develops our position on Data Ethics and AI in the regulatory field.

In 2020, we developed the Allianz Practical Guidance for AI for our data science and analytics departments. We also expanded the Privacy Impact Assessment into a 'Privacy & Ethics Impact Assessment' and reflected respective changes in the Allianz Privacy Framework to embed 'Ethics by Design' in our organization and increase customers' trust in AI solutions.

Compliance with industry developments

We aim to stay abreast of regulatory and industry developments and reflect these in Allianz's operational and governance processes and procedures. In 2020, we concluded efforts started in 2016 with OEs and other Group Centers to deploy the Allianz Privacy Renewal Program.

Having achieved this milestone, the data privacy program has now transitioned to a business-as-usual environment in which data privacy matters are embedded into normal business processes and handled as a routine part of our business activities.

Engaging with employees

We engage with employees to ensure they understand the requirements for handling confidential information and personal data. In 2020, we deployed interactive confidentiality training in 20 languages which is mandatory for all employees.

We also provided refresher data privacy training for all employees involved in processing personal data, where legally required. New employees continue to be on-boarded with 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.

The Allianz Digital Privacy Guidelines have been deployed across all OEs. They cover privacy-related topics impacting digital projects – both privacy by design (as part of new product and service design) and privacy by default (where individuals are given choices around the use and onward sharing of their personal data, and the initial settings restrict disclosure).

In 2020, we continued to engage Allianz data privacy professionals through regular Privacy Community calls to discuss topical subjects. Senior Data Privacy Officer (DPOs) are engaged through the Allianz Privacy Advisory Group, which acts as steering board for the privacy program. We also virtually hosted our fifth Allianz Privacy Summit to discuss the incorporation of data privacy principles into the Allianz Custom Model (ACM), digital healthcare initiatives, and our use of cloud service environments.

Looking ahead, we will continue working to ensure compliance with GDPR and will update the Allianz Privacy Standard, functional rules, and privacy guidance to reflect regulatory changes and judicial decisions. We will also facilitate deeper engagement on privacy-related issues across the Group, including through ongoing data privacy training.

04.2.3 Information security

Information security is managed globally through a robust and mature governance framework aligned to international standard ISO 27001. This is closely monitored by a dedicated Chief Information Security Officer (CISO) function and the Group Board of Management. An executive accountability regime supports the enforcement of the governance framework.

The governance framework comprises multiple layers of corporate rules and processes to ensure information is not being used or accessed by unauthorized individuals. 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 OEs. 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.

Cyber risk is assessed and tracked as one of the top risks faced by Allianz. Maturity and cyber-health of OEs is tracked with a focus on people, processes and technology. It is reported quarterly up to the Board of Management and Supervisory Board. Monitoring of and measures against cyber-incidents are implemented on a global level and supplemented locally where required.

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

In the context of the COVID-19 pandemic, a crisis task force was put in place to ensure business resilience and the existing protections and ongoing measures were reviewed. Further emphasis was put on protecting users working remotely and ensuring existing processes continue to work as efficiently remotely as they do with a work-force on-premise. This includes strengthening technical defenses for common types of cyber-attacks and altering training and awareness regimes to deliver impact with a distributed workforce.

04.3 Regulatory and public affairs

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact
05 Allianz's climate-related financial disclosure
06 Data and performance

Given the challenges facing society, we must come together across governments, institutions, sectors and companies to deliver sustainable outcomes. As Allianz, we participate in regular, open exchange with political stakeholders and actively contribute to debates on societal and industry-specific challenges. This includes dialogues with governments and representatives to explore societal issues and support policy development.

Supporting policy development

We actively engage in political advocacy as part of the democratic process, contributing our expertise and insights to help tackle regulatory and societal challenges. All outreach and political networking activities are undertaken in line with the Allianz Code of Conduct which mandates minimum standards for contacts with representatives of politics, private sector and society. Allianz is a signatory of the European Union Transparency Register Code of Conduct.[1]

Outreach and political networking

Group Regulatory and Public Affairs (GRPA) is the center of competence for all Allianz regulatory and political activities. It supports operating entities to develop regulatory and political strategy and oversees management of regulatory and political topics.

We are committed to respectful and cooperative interactions with governments, regulators and supervisors across every touchpoint, including regular contacts and specific requests, examinations and investigations. We strive to provide an honest, fair and timely response to all requests.

As part of our commitment to democracy, we have made financial contributions to political parties that support the social market economy for many years. In 2020, Allianz Germany contributed € 20,000 to the Christian Democratic Union of Germany (CDU), the Christian Social Union in Bavaria (CSU), the Social Democratic Party of Germany (SPD), the Green Party and the Free Democratic Party in Germany (FDP) respectively. Every party's youth organization received a grant of € 10,000 to support their focus on social issues of the future. Because we donate below the German Bundestag reporting threshold of € 50,000, we publish a press release outlining Allianz's political donations.

Allianz positions

One of the roles of GRPA is to develop and uphold Allianz's position on current and emerging regulatory and societal issues. In 2020, key topics included:

Capital Markets Union (CMU): Allianz welcomes the EU's CMU Action Plan on the integration of national capital markets into a genuine EU-wide single market for capital. We support the idea of an EU economic recovery from the COVID-19 crisis that is green, digital, inclusive and resilient by making financing more accessible for companies, in particular for SMEs. We actively contribute to the policy debate and corresponding consultations.

Digitalization: We actively engage in discussions and consultations around the EU's digital strategy. We support efforts to improve EU's cyber resilience, establish trustworthy artificial intelligence and harmonize the responsibilities of online platforms and information service providers. Allianz also endorses the establishment of a European data space based on European rules and values and the creation of a widely accepted public electronic identity (eID).

Prudential regulation: While Solvency II has been functioning well since its introduction in 2016, we believe that the ongoing legislative review should be used to provide some modifications to better reflect the economics and true risks of the long-term insurance business model, while upholding policyholder protection. This would remove unwarranted restraints on insurers' long-term old age provisioning solutions and better facilitate stable, long-term financing of the real economy, in particular of sustainable investments. In parallel, sustainability assessments should be further integrated in risk management processes, including the consideration of business relevant climate change scenarios. Allianz participates in consultations, impact analysis and working groups on these topics.

Sustainability: We are convinced that the financial services industry has a duty to support the transition to a low-carbon, resource-efficient and sustainable economy by integrating sustainability considerations into core business activities. We actively engage in discussions and consultations around the EU's sustainable finance agenda including the EU Taxonomy Regulation, the Sustainable Finance Disclosure Regulation and the review of the Non-Financial Reporting Directive. In order to steer sustainable investments successfully, and identify and manage sustainability risks correctly, we deem the availability, high quality and comparability of sustainability data as essential.

Collaborating for a sustainable future...
...the Sustainable Finance Implementation Project

Allianz has set up a cross-functional Sustainable Finance Implementation Project to support implementation of the E.U. Taxonomy Regulation (Regulation (EU) 2020/852) and Sustainable Finance Disclosure Regulation (SFDR) (Regulation (EU) 2019/2088) across Allianz operating entities in Europe. It develops blueprints for content disclosure and provides legal support to address questions and support data provision and best practice sharing. This will help to ensure consistency in disclosure and efficient processes. The first milestone is the implementation of SFDR disclosure requirements (Level 1) by more than 25 operating entities. The project interacts closely with GRPA and provides practical information for consultations and engagement with respect to the E.U. sustainable finance agenda.

1 Source: European Commission: Transparency register.

04.4 Customer satisfaction

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact
05 Allianz's climate-related financial disclosure
06 Data and performance

We believe the closer we are to our customers, the better we can be there for them when it matters. To stay relevant for today's customers, we must be part of their everyday lives. That means listening and focusing on what matters most to them.

Transforming our business for customers

We strive to become a company that puts customers at the heart of everything we do. Our strong reputation is built on trust, which comes from the quality of our products, the advice we give and our people. With Customer Centricity – one of the five pillars of our corporate Renewal Agenda – we go above and beyond for our customers eager to outperform the competition.

The needs and expectations of today's customers are changing rapidly, driven by increasing digitalization and globalization. We've listened to our customers. We know they want us to provide 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 are adapting our business in response by simplifying and digitalizing our products and processes. As a result, our customers will have a better understanding of what they are buying and greater access to advice and support, whilst more efficient processes will enable us to further improve our customer service.

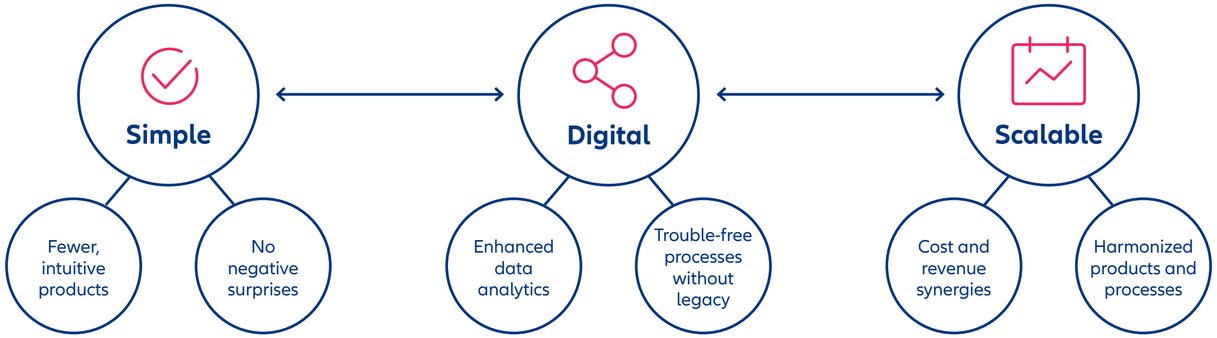
Our new business model, the Allianz Customer Model (ACM), is an enabler to meet customer expectations at every step of the insurance value chain, from designing products and selling them across all channels to handling claims and providing accurate and efficient administration. ACM is transforming our business to be customer-centric through simplicity, digitalization and scalability.

"With the Allianz Customer Model (ACM) we want to achieve a superior experience for our customers by making it simple for them and providing a truly digital and harmonized insurance experience wherever they are in the world."

Veit Stutz
Head of Business Transformation
Allianz SE

Simplicity as a key driver when transforming our core and developing new models at scale

Key belief ACM facilitates the transformation in three main dimensions



Simple – Products that are easy for customers to understand and for our intermediaries to sell. When the coverage is clear, claims get paid immediately. This means providing customers with simple and accurate information about our products and services to help them make informed choices.

Digital – Injecting AI and data at every step of the value chain, where it makes sense for our customers and employees. Using data to make processes more efficient and radically reducing the amount of information customers have to provide when buying our products or making a claim.

Scalable – Taking the best from around the Group and making it accessible to every operating entity via a single global IT solution, the Business Master Platform (BMP). This also leads to real economies of scale. We have started to create globally harmonized products with the highest level of pricing excellence and state-of-the-art quotation journeys, based on harmonized and simplified processes, which can scale across all markets and with a common approach to customer-centricity, growth and automation.

04.4 Customer satisfaction

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

Listening to our customers

Listening to customers is the starting point of our journey. We aim to ensure they are heard and inject their feedback in everything we do. The Allianz Customer Excellence program is focused on better understanding customer experiences by collecting direct personal feedback. It uses a three-step model to understand and meet the needs of our diverse global customer base: measure, analyze and act.

We collect direct customer feedback using proven and tested survey tools and methodologies. We act on what we learn; customer feedback shapes our products, services, communications and processes and will enable us to offer easy and adaptable solutions.

Giving our customers a voice

Our Voice of the Customer program applies a holistic approach to monitoring and improving customer journeys by collecting real-time feedback. We send out surveys using a standard rating methodology and invite customers to state their satisfaction level on a five-star scale at touchpoints along five customer journeys. If customers rate their experience with us with three stars or less, we follow up within 48 hours to gather more insights and resolve the issue directly with the customer.

We aim to use these learnings to make systematic improvements to our internal processes. This enables us to optimize a customer's experience when dealing with us. For transparency, we strive to publish all 'motor claims' customer feedback on our websites.

By the end of 2020, 19 operating entities and two global lines had implemented the Voice of the Customer program, covering 70 percent of our customer base. We will reach the full scope in 2021.

Measuring customer loyalty

We use the globally recognized Net Promoter Score® (NPS) as our key metric for measuring customer loyalty through their willingness to recommend the company. Applied annually according to global cross-industry standards, the NPS enables benchmarking against competitors and industry peers.

Our target is 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 by 2021. In 2020, we exceeded this target by achieving 79 percent outperforming (2019: 70 percent) and 60 percent Loyalty Leaders (2019: 46 percent).

The main drivers for this improvement were addressing customer pain points via the Voice of the Customer program, product simplification, digital service and measures in response to COVID-19. Customers who were aware or experienced the COVID-19 measures put in place by Allianz showed an average of 25 percentage points higher NPS score than customers without this experience.

75 % target

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

79 %

Allianz Group business segments scored above market or achieved a loyalty leader position in 2020

Collaborating for a sustainable future...
...by making it simpler for customers to make claims

Our research[1] shows that, for 58 percent of insurance customers, the biggest concern they have before contacting the insurer is whether their damage is covered. This highlights the importance of having simple terms and conditions so that customers can understand the products they are buying.

Our customers need to be able to understand what is covered to feel secure in contacting us about a claim. 61 percent of customers said this would lead them to immediately report their claim. Another 66 percent agreed on the need for personal contact throughout the claims process, particularly via phone. Customers have a clear preference for end-to-end ownership of the claim by one handler and for 24/7 availability of call centers.

We have worked to embed customer insights such as these into the design of ACM. Claims Handlers will be given end-to-end responsibility for claims so that they are empowered to make decisions. We limit the number of add-ons to three per product offer to keep choices simple and provide clear, non-technical communication and interactions tailored to the customer's preferences.

1 Based on ACM customer research on late First Notification of Loss (FNOL), conducted in Germany in 2019 and France, Italy & Spain in 2020.

04.5 Compliance

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact
05 Allianz's climate-related financial disclosure
06 Data and performance

Our success is built on the trust 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 people to understand and live by the rules and overseeing that adequate and effective processes are in place to ensure adherence;
- supporting the business in identifying, assessing and mitigating compliance risks;
- maintaining a confidential channel to report concerns, acting on them, and protecting 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 is at the core of our corporate culture. It outlines our basic principles, values that provide guidance for everyday decisions and conduct for all employees.

As part of a project led by Group Compliance, the Code was fundamentally renewed in 2020 and approved by the Board of Management to replace the previous version from 2006. The updated Code 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 ESG. It considers feedback collected from global employees on value perception and provides a more compelling storyline referencing Allianz's people's attribute statements, a more conversational tone and an inspiring design with interactive features.

Rollout to OEs started in September 2020 for implementation by mid-2021. A successful rollout requires that the Code is promoted by local top management and made known to all current and future employees.

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.

Anti-money laundering

In accordance with applicable legal requirements, OEs establish risk-based policies and procedures for the prevention of the compliance risks, money laundering and terrorism financing on the basis of customer identification, verification and monitoring, as well as suspicious activity reporting. We employ various 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 for compliance with trade and financial sanctions. These include, among others, 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 client's 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 sanctions restrictions, and that these high-risk transactions undergo enhanced scrutiny.

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 which was updated in 2020. It lays out core principles and measures to be adopted across the Group in order to ensure compliance with antitrust law as well as the Allianz Antitrust Code. The Code was also updated in 2020 and provides a set of core behavioral rules that employees must observe when dealing with competitors, customers and business partners. We regularly provide 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.

04.5 Compliance

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact
05 Allianz's climate-related financial disclosure
06 Data and performance

Leadership structure

Good corporate governance forms an integral part of our corporate culture and represents a foundation on which to build trust. The Allianz Group Code of Conduct is fundamental to responsible corporate governance within the Group.

Allianz SE operates a two-tier Board system: The Supervisory Board comprises twelve members, including six shareholder representatives appointed by the Annual General Meeting, and six employee representatives appointed by the SE works council.

The Supervisory Board oversees and advises the Board of Management on managing the business. The current Chairperson of the Supervisory Board of Allianz SE is Michael Diekmann, the former CEO of Allianz, who took this position after observing the legally required two-year 'cooling off' period.

The Supervisory Board sets the objectives of Allianz SE's Supervisory Board regarding its composition containing requirements relating to individual members of the Supervisory Board, a skills profile for the entire Board as well as a diversity concept.

The Board of Management consists of ten senior executives appointed by the Supervisory Board for a maximum term of five years (re-appointments allowed). It is responsible for setting business objectives and the strategic direction as well as for coordinating and supervising the operating entities. The members of the BoM are jointly responsible for management and for complying with legal and regulatory requirements.

Managing compliance

In 2020, the fourth cycle of the integrated compliance risk scoping and assessment activities was completed as part of the Allianz's IRCS. This risk-based focus of compliance control reviews and testing is continuously strengthened and the IT solutions that support it are improved to optimize and harmonize all activities across the Group and to ensure data quality. The compliance assurance approach includes general reviews to assess compliance of newly acquired entities, as well as targeted reviews of existing entities against compliance program requirements and testing of controls when required.

'SpeakUp!'

Every new joiner to Allianz is informed of their obligation to adhere to the Allianz Group Code of Conduct during their welcome presentation. They are encouraged to report breaches and misconduct and given information on where and how to do so.

Allianz offers employees multiple channels to raise concerns. These include via (their own or other) management, speaking directly with Compliance, by e-mail and anonymously via the inhouse SpeakUp! service found on our Group Intranet, 'Allianz Connect'. Some OEs provide employees with a telephone hotline. All reported incidents are assessed, documented and managed according to internal guidelines. Confidentiality is strictly adhered to.

Group Compliance runs an annual awareness campaign to remind employees of the avenues for reporting.

04.6 Tax transparency

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact
05 Allianz's climate-related financial disclosure
06 Data and performance

The taxes we pay are an important part of our societal contribution and play a role in the sustainable development of the countries in which we operate. At this time of public debate around corporate tax behavior, we aim to provide transparency on our approach to tax and to support others to do the same.

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 global tax strategy ensures full compliance in every jurisdiction across the world.

As a member of the B Team, Allianz has helped develop and committed to adhere to the so-called 'B Team Responsible Tax Principles'.[1] This is a common framework of core principles and practical commitments for companies to demonstrate responsibility and sustainability in their tax approach.

Our tax strategy

Our tax strategy is closely aligned to our business strategy and also to the sustainability goals. It comprises the following main 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.

Our strong commitment to transparency is reflected by the publication of our Tax Transparency Report[2] which provides a deeper insight into our approach to taxation and discloses an expanded country-based reporting.

We will publish our next Tax Transparency Report 2020 in May 2021.

In 2020, we reported € 2.5 billion income tax charge on our profits. You can find a breakdown of income tax charge per region in Table TAX-1 in section 06.7.

€ 2.5 bn

Charged on our profits in 2020

Find our Tax Transparency Report 2020 in the Download Center on our website (available in early May 2021).

"It is important for us to act transparently and responsibly in all tax matters to ensure that we pay our fair share of taxes."

Oliver Bäte
Chief Executive Officer
Allianz

1 Find more details about the B Team Responsible Tax Principles here.
2 The Allianz Tax Transparency Report 2020 contains disclosures related to GRI 207.

04.7 Environmental management

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact
05 Allianz's climate-related financial disclosure
06 Data and performance

Protecting the environment is fundamental to our core business activities. We strive to raise environmental standards and drive decarbonization through our insurance and investment businesses. At the same time, we aim to manage the impacts of our corporate operations as a carbon neutral company.

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.

Operational implementation of the EMS is monitored by the Group Environmental Officer (part of Global Sustainability) and supported by the Board of Management of Allianz SE. In 2020, 97 percent of employees were included under the scope of the EMS (2019: 95 percent) (see Table ENV-1).

Further information on our Group Environmental Guideline can be found here.

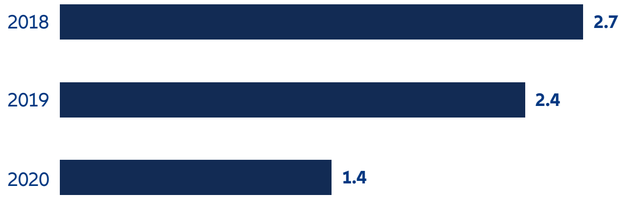
The Allianz SE headquarters in Munich has been certified to the international environment management standard ISO 14001 since 2017. In July 2019, Allianz Germany achieved ISO 14001 certification for its Allianz Campus in Unterföhring.

Carbon reduction strategy

Our carbon reduction strategy for corporate operations is designed to reduce greenhouse gas (GHG) emissions from Allianz Group operations mainly through energy-efficient planning, construction and operation of buildings, sourcing green electricity and using carbon efficient vehicles.

We have committed to set long-term climate targets for Allianz's proprietary investments and business operations in line with the science of the Paris Agreement climate goal.

Change in CO_2 emissions
tons of CO_2 per employee



Setting new targets beyond 2020

In 2020, we worked to develop our next set of GHG emission targets to 2025 in line with the latest climate science. Our new GHG emission target is a 30 percent GHG reduction per employee by 2025 (baseline year 2019).

We have set a number of targets to achieve this commitment (baseline year 2019, target year 2025 unless stated otherwise):

30 % GHG emission reduction target per employee

100 % Renewable power by 2023

20 % Energy reduction in office buildings per employee

15 % Reduction in GHG emissions from business travel per employee

20 % Reduction in paper use per policy

Additional 2025 targets include (baseline year 2019)

10 % Reduction in water use per employee

10 % Reduction in waste per employee

04.7 Environmental management

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

Our 2020 performance

GHG emissions

Our most material GHG emissions arise through energy consumption, business travel and paper use. We have committed to reduce GHG emissions by 30 percent per employee by 2020, against a 2010 baseline.

By the end of 2020, we have achieved a 62 percent reduction per employee (2019: 35 percent). We met the 2020 target mainly through energy efficiency improvements from data center consolidation and the increase in the share of renewable power in our energy mix. The target was further exceeded as a result of reduced business travel and an increase in work-from-home measures due to the pandemic.

Full details of our GHG emission disclosure, including by Scope 1, 2, and 3 emissions, are provided in Table ENV-2.

Reducing energy consumption

Our 2020 target was to reduce energy consumption in office buildings per employee by 30 percent compared with 2010. We have exceeded our 2020 target, with a 50 percent cut in 2020 (2019: 37 percent). This is mainly due to local data center closures in remaining locations as part of the Group's data center consolidation.

Details of Allianz's energy consumption can be found in Table ENV-3.

Renewable energy

As a signatory of the RE100 initiative, we have committed to source 100 percent renewable power for our group-wide operations by 2023.

You can read more about this commitment on our website.

With operations in more than 70 countries, we will need to engage deeply with suppliers and landlords to achieve this ambition. In 2020, 57 percent of the electricity we used came from renewable, low-carbon sources (2019: 49 percent) (see Table ENV-3).

Cutting GHG emissions from business travel

Business travel in 2020 accounted for 26 percent of GHG emissions from operations (2019: 37 percent). The protective measures during the COVID-19 pandemic played a material role in this reduction. Going forward, our New Work Model (see section 04.1) will capitalize on this shift to minimize emissions from business travel by enabling flexible working. As part of our transition to low-carbon operations, we are also working toward, a shift to hybrid and e-vehicles in our corporate fleet, see section 04.8 for further information.

Change in energy consumption
gigajoules per employee

Collaborating for a sustainable future...
...the journey towards 100 percent renewable energy can't be done alone

As part of the commitment by Allianz Group to switch to 100 percent electricity from renewable sources, Allianz Australia took first important steps on this journey and it becomes clear that this ambition cannot be achieved alone.

Allianz Australia commenced its transition to renewable power by working with the existing supplier to arrange a phase out of term electricity contracts to renewable power. This action is directly in our control, making it an easy place to start. The phase out will continue as more electricity contracts come up for renewal.

The need for systematic collaboration became clear when the operations of Allianz Australia were reviewed: our offices across Australia are leased and much of the electricity we use is not within our procurement control. Some tenancies include electricity supply and all buildings include a portion of common area electricity which is split between tenants.

Also, electricity procurement and renewable generation varies across Australia. As a result, Allianz Australia has taken the first steps to engage all relevant stakeholders, including suppliers, to drive this important topic forward whilst giving consideration to local context when developing and implementing plans. A comprehensive stakeholder engagement plan is under development to drive progress through collaboration.

04.7 Environmental management

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

Carbon credit investments

Carbon-neutral since 2012

Allianz has been carbon-neutral since 2012 by investing in projects that offset its operational emissions. In 2020, we retired carbon credits equivalent to 203,352 t CO_2 (2019: 334,033 t CO_2) by investing in low-carbon initiatives, each credit accounting for one metric ton of carbon. The savings in emissions are independently measured and certified once a year.

Wildlife Works Carbon LLC

We hold a 10 percent share in WWC, the world's leading developer of Reducing Emissions from Deforestation and Forest Degradation (REDD) projects. This investment supports forest protection in Kenya and the Democratic Republic of Congo (DRC). The Kenyan Kasigau Corridor REDD project aims to offset one million tons of carbon emissions per year, while the DRC REDD+ project achieves an average of 5.7 million tons of carbon reductions per year.

Rimba Raya

We began investing in this REDD project in Borneo, Indonesia, in 2013. By helping to prevent the deforestation of nearly 65,000 hectares of peat swamp forest, the world's largest project of its kind aims to avoid more than 130 million tons of carbon emissions.

Paper reduction

The nature of our business often requires formal communication and documentation for our customers and paper consumption is a material use of natural resources. Our efforts to reduce paper consumption are underpinned by the increasing shift towards digital communication and further reducing our paper use when working in our offices.

Our target was to reduce paper use by 40 percent per customer policy by 2020 against a 2014 baseline. By the end of 2020, we had achieved a reduction of 57 percent (2019: 50 percent as restated in 2019) – meaning we achieved our 2020 target (also see Table ENV-9).

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

2 Please note that the 2019 paper consumption data has been restated.

Change in paper consumption[2]
grams per policy

Reducing water use

Water is a shared resource and minimizing our water consumption is a key principle commitment under the Group Environmental Guidelines. This is of particular relevance in areas at risk of water-stress. Approximately two-thirds of Allianz employees are situated in countries with medium to extremely high water stress[1]. To reflect the increasing need to use water as efficiently as possible, we have committed to a target for water reduction in our offices for the first time. See our new environment targets beyond 2020. (Also see Table ENV-7).

Driving down waste

We aim to minimize the waste we generate and to re-use or recycle materials wherever possible (see Table ENV-8).

Allianz employees also actively support local clean-up activities in their local communities. Despite the difficult and uncertain situation resulting from the pandemic in 2020, Allianz once again partnered with World Cleanup Day. The event encourages employees, customers and the general public to unite and increase awareness of the global waste pollution problem. Besides traditional clean-up events, the campaign shed light on the environmental impacts of technology. It promoted digital clean-ups to empty unused e-mails and folders to free up space on servers to reduce associated energy consumption. Over 15 Allianz operating entities took part physically in the campaign and seven joined digitally.

Collaborating for a sustainable future...
...by going paperless in India

The Allianz Services office in Trivandrum, India, is our first paperless office. The initiative was made possible by the support of employees who worked together to develop innovative processes to eliminate paper from daily use. The three actions below provide a glimpse of the holistic approach of business (client-end) processes, central operational processes and the change in facilities that enabled the reduction of paper use:

1. Business processes such as U.K. Cashiers process introduced digital signature to replace the month-end practice that required reconciliation copies to be printed, signed and scanned to send to GHO Team.
2. Central finance processes like Accounts Payables and Employee Reimbursements processes moved to online tools and invoice management was digitalized.
3. Facilities were fitted with digital displays & interactive media for visual communication and training material.

Due to this achievement and other eco-friendly designs, the Ganga building has repeatedly won the National Society of Energy Engineers and Managers (SEEM) award for energy efficiency.

04.8 Sustainable procurement

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact
05 Allianz's climate-related financial disclosure
06 Data and performance

Our procurement processes are designed to deliver best value for money for our business functions, while reflecting ESG requirements to the best extent possible. We aim to develop our supplier network to contribute to ESG improvements and develop a responsible global supply chain.

Influencing demand decisions to promote sustainable solutions

As awareness and influence of ESG requirements increasingly impacts business decisions across our companies, we are working to integrate best practice ESG criteria and requirements into supplier selection, development and ordering processes.

Our approach is designed to influence business functions and individual employees at an early stage in the decision-making process to ensure they choose more sustainable solutions. For example, our new digital travel and expense solution, which is already live in Germany, France, U.K., India, Switzerland and Romania, includes a flight search module. This provides transparency over GHG emissions for each journey and includes a sort function to enable users to easily identify and book the flight option with the lowest carbon impact. The air/rail comparison module also shows train and air options in a combined display to encourage the traveler to take more environmentally conscious decisions. Similar principles are applied through the company car configurator, which includes a CO_2 filter.

We are extending our ordering catalogues to include suppliers that provide eco-friendly stationery and products and to provide eco-friendly promotional materials. A similar approach is adopted in the selection process of preferred hotels, where we assess sustainability standards during the 'request for proposal' phase. In addition, we are working to make internal operational ordering processes paperless by digitalizing approval and documentation – for example travel approval processes have been changed from paper to digital workflows.

Developing our policies and standards

New Fleet Policy

We are revising car fleet policies across the Group to reduce the number of cars with fossil-fuel-based combustion engines by limiting orders to only hybrid and electric cars. The roll out in 2021 will be supported by supplying charging cards for public charging stations and charging infrastructure for employees at home.

In Germany, we promote the use of a train pass to enable employees to use most long-distance and regional public transportation throughout the country. The aim is to encourage use of public transport as an alternative to a company car with personal taxation benefits paid by Allianz.

Allianz Group Standard for Procurement

Our new Group Standard for Procurement requires that supplier selection decisions are based on objective and transparent criteria, including carbon footprint data. It also requires suppliers above a certain spend threshold to meet the standards set out in the Allianz Vendor Code of Conduct.[1] This is aligned with International Labor Organization (ILO) standards and the U.N. Global Compact (UNGC). The requirement is integrated in the registration and screening process together with questions related to environmental management as a prerequisite to sourcing and contracting into the Group procurement system.

Not all suppliers accept the Allianz Vendor Code of Conduct. Where this is the case, we apply alternative approaches to manage ESG risk. They include reference to industry codes of conduct like the Electronic Industry Citizenship Coalition (EICC) or Bundesverband Materialwirtschaft, Einkauf und Logistik (BME).

100 percent of global suppliers, representing a total spend of € 1.5 billion, committed to the Allianz Vendor Code of Conduct (2019: 97 percent).

Global Sourcing and Procurement and Global Sustainability continued their collaboration to improve processes for conducting ESG assessments for potentially critical suppliers.

Changing energy consumption to green energy

To support our commitment to the RE100 initiative, we have identified opportunities where procurement can make great positive impact. Our strategic data centers are already well on their way to achieving 100 percent certified renewable electricity usage and we are now aiming to shift facility energy consumption worldwide to green energy. We are also exploring the inclusion of energy consumption from suppliers' cloud services into the scope of our commitment. Where suppliers use energy on our behalf, we aim to encourage them to move to green energy or to compensate adequately for the energy they consume. We are collaborating with industry leaders of cloud services, such as Microsoft Azure and Amazon Web Services, and will begin conducting periodic controls.

Looking ahead

To further develop our supplier network with a continued emphasis on sustainability and transparency, we must constantly analyze our spend on commodities and identify the right levers, commodities and suppliers to manage impacts on people and the environment. We are investigating options to integrate ESG ratings into our supply category concepts.

Collaborating for a sustainable future...
...working with suppliers to encourage 'Restore over Replace' Customer behavior

Our procurement teams in the U.K. have focused on influencing customer demand through the motor claims process by piloting a 'Restore over Replace' philosophy in partnership with suppliers. It prioritizes suppliers of high-quality engineered vehicle repairs and has the added benefit of speeding up the claims process for customers by 80 percent. Over the past nine months, the partnership prevented over 2,000 kg of waste from ending up in landfill. The launch of a 'green parts' initiative offers motor insurance customers the opportunity to choose recycled parts for their vehicle repairs. The parts are undamaged salvaged vehicle components, saving the need to manufacture from scratch and supporting the circular economy.

Learn more about Sustainable claims procurement by listening to this episode from Allianz UK's Insurance Tomorrow podcast.

1 Includes suppliers with a spend volume greater than €250,000. Low-value and one-off contract suppliers are currently out of scope.

04.9 Societal impact

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

The COVID-19 pandemic impacted every area of life, health and livelihoods worldwide. Allianz operating entities responded by mobilizing resources to support communities around the world. Our new strategy aims to increase our positive impact on local communities, with the key focus on next generations.

Our contribution as a corporate citizen has never been more important. The pandemic has shone a spotlight on systemic societal challenges, with inequality and civil unrest accelerating under the uncertainty and social challenges.

In recognition of this and in response to stakeholder feedback as part of our materiality assessment (see section 02.5), our Corporate Citizenship Strategy has evolved.

It provides a more holistic approach to our social impact activities as an evolution to our previous Encouraging Future Generations Program, which was introduced in 2016 (see section 02.3).

Fostering and enabling self-sustaining livelihoods for the next generations

We have committed to strengthen our long-standing approach to supporting children and youth by fostering and enabling self-sustained livelihoods of the next generations. Our new strategy helps us to further mobilize efforts and resources at global and local levels to create lasting impact to our communities.

In 2019, the world population consisted of more than 2.2 billion children and 1.2 billion youth. These young people are the leaders, employees, customers and investors of tomorrow. We are uniquely aware that the decisions we make today will shape their lives in the future – pension systems, environmental and climate protection, and investments in education all have long- term consequences.

Many of our social impact programs and initiatives run by local entities and our 12 Allianz-affiliated foundations contribute to the strategic mission. While many of the onsite volunteering activities and programs had to be canceled or postponed, in 2020, Allianz Group corporate giving doubled, mainly in support of efforts surrounding the COVID-19 crisis.

For examples read more on our #AllianzforLife page.

Our combined contributions totaled € 50.3 million[1] (2019: € 24.2 mn) and 56,655 hours[2] (2019: 115,057 h) in corporate volunteering.

The Allianz and SOS Children's Villages partnership

Our long-term global partnership with SOS Children's Villages International (SOS-CVI) supports our mission by tackling the barriers to becoming self-reliant and increasing resilience of today's youth. We do this through joint efforts across a number of strategic initiatives:

Emergency Preparedness & Response – Natural and man-made disasters threaten the livelihood of millions of people worldwide and children are disproportionally affected. Our Emergency Preparedness & Response support increases the resilience of young people, their families and surrounding communities for a secure future.

Youth Employability – We design and promote a diverse range of educational programs to promote youth employability, such as YouthCan! These include financial literacy trainings and online mentoring programs, providing young people with the necessary skills to pursue a secure and independent future.

Read more about our partnership with SOS Children's Villages.

Promoting inclusion and equal opportunities

Our international Online Mentoring program continued in 2020. It connected Allianz colleagues with young adults from SOS Children's Villages across the world to support youth participants in gaining the right skills to enter and succeed in the job market.

Allianz World Run

Our global annual fundraising event, Allianz World Run, marked its fifth anniversary this year with over 12,000 participants from 95 countries. Due to COVID-19, we had to innovate in order to calculate the contributions of participants. We decided to count 'active minutes' to enable people to safely take part. Participants around the world reached all five target milestones in 30 days, almost a month early, contributing to over 25 million active minutes.[3] The 2020 event provided funding to SOS CVI projects to create resilience against climate change coupled with COVID-19 support in Rwanda, Zambia, Ethiopia, Uganda and Nigeria.

Find out more about the Allianz World Run.

1 Our current data collection process does not allow for a complete tracking of donations data. Donations included are subject to data availability.
2 Our current data collection process does not allow for a complete tracking of volunteering hours. Volunteering hours included are subject to data availability.
3 To allow participation of non-runner employees, the 2020 round counted active workout minutes and not only limited to running km.

04.9 Societal impact

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

06
Data and performance

Collaborating for a sustainable future...
...working with SOS CVI to support vulnerable communities in times of disaster

We collaborated with SOS CVI as our global disaster relief partner with funding to provide immediate relief and long-term support to vulnerable communities and families on the ground and during the COVID-19 crisis. We provided vulnerable families in Africa and Indonesia with hygiene materials and food. Other interventions included psychosocial and mental health support to communities in Italy and income generating activities in Indonesia. Following the explosion in Lebanon in August, we supported SOS CVI to carry out immediate relief efforts and long-term care on the ground for vulnerable children and families. We are also supporting their long-term work in the refugee camp Moria in Greece.

Collaborating for a sustainable future...
...investing in mental health services in the U.K.

Allianz UK has partnered with Mind, the leading mental health charity and their sister charity SAMH (Scottish Association for Mental Health in Scotland) since 2019. The partnership aims to raise GBP 1 million in three years to fund vital mental health services.

The initiative is raising awareness of the topic of mental health within Allianz. As a result of the partnership, Allianz has improved the mental well-being support offered to employees whilst promoting a culture of 'it´s ok not be ok'. 176 mental health first aiders have been trained to increase support across our British Allianz offices. Employees have taken part in fundraising with Allianz committing to match their contribution. In 2020, we reached the milestone of GBP 650,000 raised and employees have continued to fundraise in new and innovative ways since the impact of COVID-19. Through programs like these, we are playing into the health pillar of our Corporate Citizenship Strategy.

Collaborating for a sustainable future...
...getting young people moving in Turkey

Launched in 2018, Allianz Motto Movement supports children aged 7–12 years to develop and be healthy through movement and sports. 82 Allianz employees and agencies have volunteered to help deliver the 16-week training program and events at public festivals. Training is provided by three local NGOs (TEGV, EÇEV and Koruncuk) with each class lasting 80 minutes. Topics include basic movement skills, health nutrition, first aid in sports, empathy, self-confidence and sports culture.

The program supports the health pillar of our Societal Impact Strategy. 1,753 children from 19 cities have taken part in the training and 592 youth have attended biannual festivals held to promote of the benefits of movements and health. 592 children participated in these festivals.

Allianz Motto Movement was delivered via digital platforms in 2020 with new online content and the aim to reach children without internet access through TEGV's (national charity partner) kids' magazine.

04.9 Societal impact

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

04.1 Human resources
Diversity and Inclusion
Training and developing our people
Engaging our employees
Health and well-being
04.2 Data privacy and information security
Data protection and privacy
Data ethics
Information security
04.3 Regulatory and public affairs
04.4 Customer satisfaction
04.5 Compliance
04.6 Tax transparency
04.7 Environmental management
04.8 Sustainable procurement
04.9 Societal impact

05
Allianz's climate-related financial disclosure

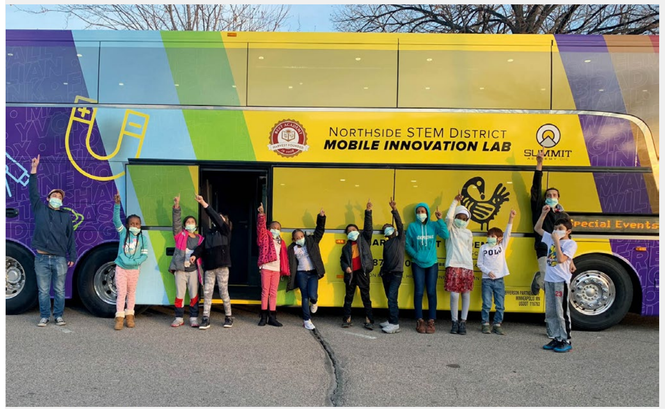
06
Data and performance

Collaborating for a sustainable future...
...by improving road safety for children in Slovakia

Through a country-wide Road Safety program, Slovakia has made significant progress in saving lives since the E.U. set a target to halve road deaths by 2020. The Allianz Foundation in Slovakia has supported this target since 2008 by providing over 600 road safety, traffic education and first aid education in elementary schools and kindergartens. We collaborate with local elementary schools and kindergartens to build road safety into the curriculum. The Foundation also contributes annually to the restoration and construction of traffic playgrounds and equipment. Foundation work continued this year despite the pandemic, with teachers using their time to prepare and implement traffic education projects. This program supports the resilience element of our Societal Impact Strategy.

Collaborating for a sustainable future...
...investing in inclusive communities in the U.S.

Allianz U.S. Life believes that social change is necessary to address systemic racism and other inequalities that impact at-risk members of the community. In 2020, Allianz U.S. Life made $ 2 million in grants to non-profits with the goal of helping to address inequities and bring about positive change in the lives of at-risk members of the Minneapolis community, especially people of color, seniors and youths. The company made two separate $ 1 million grants, the first to address racial inequity and the youth achievement gap and the second to address senior equity issues in the community.



"Allianz Life is committed to be an active and meaningful driver of systemic change in our community. We recognize there is a critical need, now more than ever, in the Minneapolis community to address systemic equity and inclusion. These grants will help create lasting and meaningful ways to bring about positive change from both a short- and long-term perspective."

Walter White
President and CEO
Allianz U.S. Life

GRI 201-2

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
05 Allianz's climate-related financial disclosure
05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics
06 Data and performance

05 Allianz's climate-related financial disclosure

As part of our commitment to transparency on climate change, 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 reporting and business practices to drive best practice and collaborate with and support others to do the same.

05.1 Highlights

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Our climate change strategy is built on strong foundations. It includes a commitment to reach net-zero greenhouse gas (GHG) emissions in our proprietary investment portfolio by 2050, in line with the ambitions of the 2015 Paris Climate Agreement to limit global warming to a maximum of 1.5°C by the end of the century. Our priorities are exiting coal-based business models by 2040 at the latest, implementing the TCFD recommendations and enhancing our systematic approach to investee engagement and policy advocacy.

1. The United Nations (U.N.) launched the Net-Zero Asset Owner Alliance (AOA) at the Climate Action Summit in New York in September 2019. It consists of the world's largest pension funds and insurers who are committed to reduce GHG emissions of their investment portfolios to net-zero by 2050. Allianz helped to set up the group, collaborating with the United Nations Environment Finance Initiative (UNEP FI), the Principles for Responsible Investment (PRI), WWF and the Mission 2020 campaign. We currently chair the AOA and co-lead several working groups.

   Read more in section 02.2.

2. In 2020, we set targets for decarbonization of both our operations as well as our investment portfolio. These targets are derived from climate science, the investment-related ones are additionally in line with the approach of the AOA.

   Read more in sections 04.7 and 05.3.3.

3. For our listed equity portfolio, we have developed a first exploratory version of a dedicated inhouse carbon stress test. This is testimony to our commitment to drive disclosure to quantify climate risks and opportunities. It emphasizes portfolio decarbonization as an essential part of our climate strategies. Development of the approach is at an early stage and we will gradually expand scope and depth of the analysis.

   Read more in section 05.4.

4. We have made it a priority to advocate for a green recovery to build societies back better after the COVID-19 pandemic. Government spending and recovery packages play a vital role in underpinning economies, infrastructure, jobs and livelihoods. Policy and fiscal decisions taken now across wide-ranging policy areas have the potential either to delay action – or to pave the way for the necessary structural changes ahead.

   Read more in section 05.3.3.

5. The Board of Management (BoM) remuneration for 2020 is tied to the attainment of sustainability and climate targets. Performance metrics include delivery of the climate change strategy, oversight of implementation of climate-related commitments (including the AOA) and achievement of quantitative GHG reduction targets. For 2021, BoM remuneration is again tied to climate-related targets.

   Read more in sections 02.7.1 and 05.2.3.

6. In 2020, we changed the composition of the Group ESG Board, our board-level governance body for sustainability-related topics. It now fully reflects all business segments and operations, comprising five voting members – four Allianz SE Board members and the Chief Risk Officer, an increase from three voting Board members previously. The new composition means the Property & Casualty insurance business and own operations are represented by Board members in addition to investments, asset management and risk. In early 2021, further changes to the Group ESG Board composition have been implemented.

   Read more in section 05.2.1.

Looking ahead

In 2021, we will focus on action to achieve our 2025 targets for proprietary investments and business operations. We aim to develop comprehensive scenario analysis on the physical, transition and litigation aspects of climate change, covering both investments and underwriting. We will enhance the consideration of climate change as part of our Strategic and Planning Dialogues with our key operating entities. We will continue to ramp up engagement with companies and policymakers on climate strategies in line with our ambition.

05.2 Governance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
— Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

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

05.2.1 Overarching and board-level governance

Allianz SE has a divisional board structure based on functional and business responsibilities. Business-related divisions reflect our segments Property-Casualty, Life/Health, Asset Management, and Corporate and Other. In 2020, they were overseen by five Board members. The following divisions focus on Group functions and come with business-related responsibilities: Chairman of the BoM; Finance, Controlling and Risk; Investment Management; Operations and Allianz Services; Human Resources, Legal, Compliance, and M&A; Business Transformation. For further information on board members and their responsibilities, please refer to the Allianz Group Annual Report 2020, page 62.

The highest governing body for sustainability-related issues is the Group ESG Board (see section 02.7.1). Since September 2020, it is comprised of four Allianz SE BoM members and the Chief Risk Officer as voting members. It includes representatives of key departments and Group functions, and operating entities participate on a case-by-case basis.

The ESG Board meets quarterly and is responsible for sustainability and climate-related topics, including:

- overseeing the Climate Change Strategy;
- steering the corporate responsibility agenda, including positioning on sustainable finance and external climate- and ESG-related commitments and initiatives;
- ESG alignment across central functions, such as Compliance and Risk, and the Allianz Group Business Strategy;
- integration of climate and ESG aspects across core lines of business and central Group processes; and
- alignment of ESG topics in relevant corporate rules.

The ESG Board is constituted as an advisor to the BoM of Allianz SE. It informs the BoM on relevant topics and activities at least twice a year and on an ad hoc basis. It also reviews and recommends decisions to be taken by the BoM and relevant Board committees.

Group functions and operating entities directly update the ESG Board on material sustainability issues through their representation on the ESG Board and by invitation.

Beyond the ESG Board, different functions and committees steer sustainability topics within their scope of influence at a business and management level, supported by ESG Task Forces on specific issues (see 05.2.2).

The Group Finance and Risk Committee (GFRC) oversees risk management and monitoring, including sustainability and climate risks. Comprised of members of the BoM, it serves as an escalation point based on the analysis and deliberations within the ESG Board.

Risks identified as emerging and/or significant are addressed by either the GFRC or the Group Underwriting Committee (GUC). The GUC consists of Members of the BoM, the Group Chief Risk Officer, Chief Underwriting Officers and other executives of the Group. It monitors the underwriting business including its risk management and strategy and develops underwriting policy.

The Group Investment Committee (GIC) implements the Group investment strategy, including monitoring group-wide investment activities and approving investment-related frameworks, guidelines and investments within certain thresholds.

All three committees consider material climate issues in their decision-making, with the GFRC also serving as an escalation point for sustainability-related referrals of transactions.

The BoM reports regularly and comprehensively to the Supervisory Board on business development, the company's financial position and earnings, planning and achievement of objectives, business strategy and risk exposure. Climate-related issues are part of these updates.

05.2 Governance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

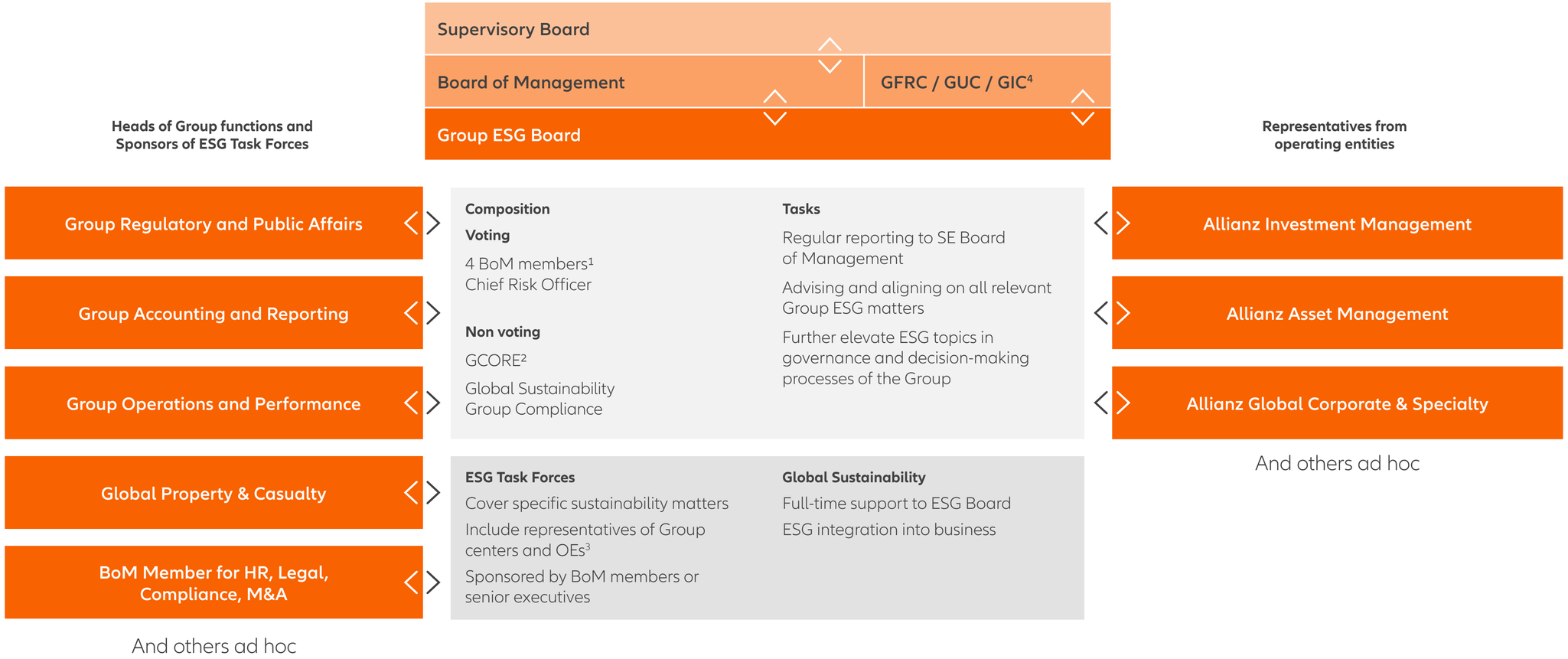
05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
— Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Climate & ESG governance at Allianz

as of December 31, 2020



1 Responsible for i) Investment Management, ESG (Chair); ii) Asset Management, US Life Insurance; iii) Operations, Allianz Services iv) Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa.
2 Group Communications and Reputation (GCORE).
3 Operating Entity (OE).
4 Group Finance and Risk Committee (GFRC), Group Underwriting Committee (GUC), Group Investment Committee (GIC).

05.2 Governance

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
— Business and management-level governance
— Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

05.2.2 Business and management-level governance

Group functions

The Global Sustainability[1] function includes a team dedicated to Climate Integration and is responsible for coordinating the integration of ESG and climate aspects into core investment and insurance activities. It also acts as the secretariat of the ESG Board and meets regularly with its chair. Further functions, such as Group Risk, Regulatory and Public Affairs, report on non-financial matters and support operating entities in integrating the Group's strategic approach and policies.

Addressing sustainability matters requires cross-functional collaboration and support across our global operations. To develop projects and proposals for ESG and climate integration and drive implementation, cross-functional ESG Task Forces were set up in 2019 (see also section 02.7.1). They consist of ESG specialists and representatives of relevant local operating entities, global lines and Group functions. Each taskforce is sponsored by senior executives from different functions and quarterly meetings between sponsors ensure alignment between the different task forces.

Additional bodies and functions within the Group monitor and analyze market, technological and regulatory trends and developments and share insights with key stakeholders.

Further information can be found in the Allianz Group Annual Report 2020.

Insurance and investment functions

Key insurance operating entities, our internal asset managers (Allianz Global Investors and PIMCO), and the investment management function, Allianz Investment Management (AIM), have well-established climate and ESG teams, which report to BoM level.

At AIM, the Investment Management Board (IMB) oversees implementation of climate and ESG strategy for our proprietary investment portfolio of € 835 billion[2]. This includes regular updates, discussions and decisions on implementation, target-setting and compliance related to portfolio decarbonization targets and measures. Analyses of asset stranding in climate scenarios and engagement on climate aspects are also regularly addressed. Within AIM, climate and ESG is steered at IMB level with a Managing Director in charge of the implementation.

Several business units have dedicated competence centers that promote low-carbon technologies from an insurance and investment perspective. They include Allianz Capital Partners, Allianz Global Investors, Allianz Global Corporate & Specialty, Allianz Climate Solutions, among others.

For more details, see section 02.7 Corporate Responsibility Governance.

For more details, also see the Allianz ESG Integration Framework.

05.2.3 Board remuneration and climate competence

In 2020, Allianz's Supervisory Board decided to link Allianz SE Board of Management remuneration to specific ESG-related targets. This will be effective in 2021. The remuneration of the Board of Management of Allianz SE will be tied to the attainment of sustainability and climate-related targets, including the successful delivery of the Group Climate Change Strategy and oversight of implementation of climate-related commitments. A key focus is on quantitative reduction targets for GHG emissions.

Allianz's long-term climate ambition and targets are decided at BoM level and cascaded to relevant functions tasked with delivering these targets.

For more details on our remuneration structure see here.

In addition to the governance mechanisms described above, we apply a variety of instruments to foster ESG and climate competency at Board, senior executive and employee level:

- Briefings for top management
- ESG roundtables of investment functions
- Trainings for employees, underwriters and investment-related functions like sales agents
- Conferences on sustainability topics which include with Board member presentations; in 2020 we held a conference on 'Understanding Climate Risks' as well as our annual Sustainability Forum

ESG Task Force	Sponsor
Corporate responsibility disclosures	Head of Group Accounting and Reporting, Allianz SE
Environmental management	Head of Group Operations and Performance, Allianz SE
ESG integration in communication and in branding/ marketing	Head of Group Communications and Corporate Responsibility, Allianz SE
ESG integration in investments	Managing Director, Allianz Investment Management SE
ESG integration in underwriting	ESG Working Group (including representatives Group ESG Office, Global P&C, Allianz Re, Allianz Global Corporate and Specialty, Euler Hermes, Allianz Germany and other P&C entities)
Operating entity collaboration	Head of Group Communications and Corporate Responsibility, Allianz SE
Sustainability ratings	Member of the Board of Management, Investment Management and ESG, Allianz SE
Societal impact	Member of the Board of Management, Human Resources, Legal, Compliance, Mergers & Acquisitions, Allianz SE
Sustainable finance regulation	Head of Group Regulatory and Public Affairs, Allianz SE Head of Asset Manager Management, Governance and Compliance, Allianz Investment Management SE

Quarterly meetings to ensure alignment between Task Forces.

1 See section 02.7 about the changes to the organization of the sustainability organization within Allianz SE as of 01 January 2021).

2 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 FVO, trading and real estate own-use).

05.3 Strategy

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
— Our climate change strategy
— Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

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. It is regularly updated and overseen by the ESG Board.

05.3.1 Our climate change strategy

The Strategy focuses on three areas:

1. We anticipate the risks of a changing climate by:

- systematically considering climate criteria in insurance and investment business;
- no longer financing coal-based business models and no longer providing insurance for neither construction nor operation of single coal-fired power plants and coal mines;
- fully phasing out coal-based business models along science-derived pathways across proprietary investments and P&C insurance portfolios by 2040, at the latest;
- maintaining active dialogue with investee companies on climate strategies; and
- improving transparency through climate-related disclosures and aligning our strategy and reporting along the recommendations of the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

2. We care for the climate-vulnerable by:

- supporting our customers to reduce risks and minimize damage and compensating those who have suffered losses;
- working with peers, governments and the civil society to manage climate risks and 'close the protection gap'; and
- supporting scientific research and innovation that improves society's understanding of climate-related risks.

3. We enable the low-carbon transition by:

- pioneering insurance of low-carbon technologies and, for instance, insuring renewables in more than 60 countries;
- strategically investing in low-carbon assets, including renewable energy, green buildings, and green bonds;
- setting long-term and intermediate climate goals for our proprietary investments and business operations, in line with '1.5°C-aligned net-zero emission by 2050' pathways;
- joining forces with other asset owners through the U.N.-convened Net-Zero Asset Owner Alliance (AOA) to collaboratively support companies in their low-carbon transition; and
- engaging with policymakers to drive sustainable finance and achieve the Paris Agreement's goals.

See section 02.2 of our Group Sustainability Report 2020.

05.3.2 Climate-related risks and opportunities

There is no doubt that climate change will materially affect economies and Allianz's lines of business. The risks and opportunities emerging today will increase over 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 towards a low-carbon economy. These include the impacts of changes in climate policy, technology and market sentiment on the market value of financial assets, as well as resulting from climate change litigation.

05.3 Strategy

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

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 principle ways, 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 secondly through changes in the sectors and business models it underwrites.
- As a large-scale institutional investor with significant stakes in economies, companies, infrastructure and real estate that are, or will be, affected by the physical impact of climate change and by 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. Property & Casualty premium and reserve risks resulting from natural and man-made catastrophes as well as from claims uncertainty need to be considered.

As well as being impacted by climate change, the choices Allianz makes about how to conduct its business may impact climate change, e.g. by investing in or insuring low-carbon and emission-reducing activities. To manage potentially detrimental impacts, we have committed to align our proprietary investment portfolio to 1.5°C climate scenarios.

The following provides an illustration of how climate change risks translate into financial impact for investments, applicable to short-term as well as longer-term developments.

Exemplary Illustration of Climate Risks Translation for Investors

Climate-related changes				Operating asset impacts				
Risk category				Impact on	Mitigating layer on company/ physical asset level	First order	Second order	Impact on investor
Physical	Acute	First-order hazard/risk Like extreme weather, heat stress, etc.	Second-order risk Like soil moisture deficit, coastal erosion etc.	• **Operations** • **Value chain** • **Markets**	**Adaptive capacity of companies** (diversified value chain, substitutes, sufficient stock, insurance, capex, efficiencies, etc.)	**Impact on corporate performance**	**Impact on financial asset performance**	• **Direct** in case of real-asset investments • **Indirect** in case of listed equity, corporate bonds, government bonds, funds, etc. • **Indirect** in case of macro-economic/ sectoral implications
	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.							

05.3 Strategy

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Financial impact of climate change on our investments

Internal analysis shows that our proprietary investment portfolio, and especially the listed equity asset class, is most sensitive to climate transition scenarios. This is mainly due to the fact that 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.

Due to this finding, we have further analyzed our risk exposure through macroeconomic research and a dedicated first carbon stress test. With that we combine complementary top-down with bottom-up approaches. (see section 05.4 for carbon stress-test results).

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 ten years, while identifying opportunities for a variety of sectors. 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, industry-specific taxes, fines and levies. Cost and business ramifications are considered in a contained manner. They 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 the hardest with an estimated cost of 900 billion U.S. dollars. The steel sector follows with a cost of 300 billion U.S. dollars. Air and marine transport faces costs of 55 billion U.S. dollars. 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, as well as drivers and mitigating factors for the different sub-sectors. An extract of the results is shown below.

The findings of this macroeconomic analysis have also been used for internal analysis, for example on the proprietary investment portfolio.

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	Aluminium										
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

05.3 Strategy

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
— Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

05.3.3 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 Asset Owner Alliance

As a major outcome of incorporating the assessment of climate-related risks and opportunities into our business strategy, we committed to set long-term emissions reduction targets for our proprietary investment portfolio and our business operations. To this end, we joined the Science Based Targets initiative (SBTi) in May 2018.

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 are committed to pursuing efforts to limit global warming to a maximum of 1.5°C by the end of the century, postulated as the upper ambition level of the Paris Agreement as well as the European Union's long-term climate strategy. We updated our target ambition to 1.5°C-compatible pathways for carbon reductions and adjusted the coal phase-out accordingly.

In 2019, Allianz helped to set up the U.N.-convened Net-Zero AOA, together with the UNEP FI, the PRI, WWF and the Mission 2020 campaign. Allianz chairs the AOA and leads several working groups. At the end of 2020, it consisted of 33 asset owners managing assets of more than five trillion U.S. dollars.

Members of the AOA commit to reduce GHG emissions of their proprietary investment portfolios to net-zero by 2050. Asset owners are already engaging portfolio companies and have committed to set intermediary targets for the years 2025, 2030 and beyond to ensure their portfolios decarbonize in a timely manner. The AOA will report publicly and to the U.N. Secretary General on progress against these targets.

The AOA intends to use state-of-the-art tools and aligns with other initiatives to emphasize:

- Investor ambition and target-setting at portfolio-level;
- Contribution to methodologies which can be applied across the sector. In 2020, the AOA has developed and publicly consulted its Inaugural Target-Setting Protocol. Furthermore, the AOA has developed principles for methods to measure temperature alignment;
- Impact on the real economy and emissions – to the extent to which methodologies for measurement can be developed;
- Implementation via a holistic ESG approach for measuring and managing associated impacts; and
- Joint engagement and monitoring based on authoritative and credible scientific input, to ensure consistency of messaging and necessary ambition.

Members have committed to carry out and disclose portfolio baseline assessments and develop climate strategies and action plans, including trajectories. Members are already collaborating to define best practices to reduce GHG emissions by engaging with portfolio companies and governments on public policies. The first quantitative joint AOA report will be published by December 2023.

As part of the long-term commitment to have net-zero greenhouse gas emissions by 2050, we have set our first intermediate target: We will reduce the GHG emissions from our listed equity and corporate bonds portfolios by -25 percent by 2024 (compared to 2019). More targets are explained in detail in section 05.6.1).

Managing transition risks

We have conducted detailed analysis of energy-intensive sectors' emission profiles, possible proto typical-decarbonization pathways and necessary technology shifts. The results are used for portfolio carbon analysis to define decarbonization pathways and to inform our corporate engagement process and management decisions.

In previous years, we ran pilot portfolios on climate-related target-setting and steering which allowed us to identify data gaps, derive monitoring and steering approaches and metrics, and identify potential investment management actions. Building on these insights, we have been developing ways to monitor and steer the portfolio transition as part of the AOA. Allianz Investment Management is also working to close data gaps by sourcing own data directly from investee companies.

Allianz has not financed coal-based business models since 2015. Equity stakes have been divested, fixed income investments made before that have been put in run-off, and no new investments have been allowed since 2015. We do not offer insurance for coal power plants or mines and we require all companies across our Property & Casualty (P&C) insurance and proprietary investment portfolio to fully phase out coal by 2040 at the latest. If companies do not present a credible strategy to transition away from coal at a pace which is compatible with the scientific pathways of limiting global warming to 1.5°C, we exclude them from our business.

Our criteria are being continuously tightened and explained in more detail in our public Statement on Coal-based Business Models.

05.3 Strategy

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Seizing on opportunities

Our business strategy includes systematically leveraging opportunities for financing 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 of integrating climate-related issues. It comprises asset manager selection and systematic integration of climate and ESG 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 also the section 05.6 Metrics).

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 more than 60 countries.

In 2019, we started analyzing technological and natural negative-emission solutions to accompany our net-zero commitment. In 2020, we developed the first respective investment strategies and are co-leading the Asset Owner Alliance working group which works on the financing of the transition.

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, or our work with the German Corporation for International Corporation (GIZ) to pilot innovative insurance solutions in emerging and developing countries.

For more details on these and other examples, please see sections 03.1 and 03.2 in our Group Sustainability Report 2020.

Active company dialogue, joining forces and targeted engagement

We actively engage investee companies and insurance clients using a variety of channels and formats. Besides the Group CR function, AIM also has a dedicated engagement function for proprietary investments. In addition, our internal asset managers – AllianzGI and PIMCO – and our industrial insurer Allianz Global Corporate & Specialty are active stewards on climate-related matters.

Allianz's shareholder voting rights are exercised by AllianzGI. AllianzGI conducts voting activities in line with Global Corporate Governance Guidelines and generally supports proposals that encourage company boards and management to increase transparency on and consideration of sustainability issues deemed material to the long-term performance of the company. AllianzGI votes and engages on behalf of Allianz SE and all other asset management clients, and thus considers all clients in their approach.

By leveraging the expertise of several units and departments, we aim to create an impact in the real economy and encourage companies to define and implement science-based climate strategies. By actively encouraging companies to set and pursue transparent and measurable climate targets, for example by joining the SBTi, we have the opportunity to reduce emissions in our proprietary investment portfolio and in the real world.

In 2020, we joined a call by 137 investors with 20 trillion U.S. dollars assets under management asking over 1,800 companies to commit to climate action in line with 1.5°C and a net-zero future by setting science-based targets.

Read here for more details.

For more details on our engagement approach please see section 03.2 in our Group Sustainability Report 2020.

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 such pathways. Our participation in the Transition Pathway Initiative (TPI), the engagement platform Climate Action 100+ and the Principles for Responsible Investment (PRI) connects us with like-minded investors and offers platforms for collaborative engagement. On decarbonization matters, the AOA strives to be the hinge between these existing engagement platforms, asset owners, target verification initiatives and tools and policymakers.

05.3 Strategy

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Collaborating for a sustainable future...
...by actively engaging oil and gas sector companies

In the past year, we engaged oil and gas companies on the topic of climate disclosure, selecting a target group of investees from our portfolio that were not sufficiently reporting in line with TCFD and not an official TCFD supporter. By focusing our engagement on this target group, we were able to use our engagement to address three risks at once: 1) high-concern target group; 2) hard-to-abate sector where all participants need to be moving; and 3) supporting a reporting framework that we have high confidence in.

We had a strong response rate and companies engaged with the suggested TCFD disclosures that are considered relevant for this sector. Many companies were considering, or are now considering, reporting in line with TCFD requirements and our detailed suggestions helped guide them on what large institutional investors want to see in their disclosures. Several companies did not realize that they could become official TCFD supporters and have subsequently been added to the TCFD web page. We will be monitoring for improvements in their disclosures and following up with those that have not met our request.

In alignment with Climate Action 100+, we are leading one long-term engagement and participating in three more engagements with oil and gas companies. Participating in Climate Action 100+ is one of the most effective and well accepted forms of engagement by large industry actors because the quality of discussions increases with both sides being able to offer significantly more resources, than if all collaborators were to approach a company individually. Participation and involvement in engagements is high and correlates to some of the most well-known and public outcomes between large industry emitters and investor engagement. We have seen increased alignment with TCFD reporting, shareholder resolutions being prepared for 2020 proxy season, and development of net-zero commitments by oil and gas companies in scope of the engagement.

For further information please see section 03.2.

05.3 Strategy

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Aligning our own business operations to net-zero

Besides driving decarbonization through our insurance and investment business, we continually work to improve the environmental performance of our own operations through dialogue and engagement.

In 2020, we defined new emission-reduction targets for our business. Having over-achieved our previous targets by 12 percentage points (target: 50 percent reduction in emissions by 2020 vs. 2010) we have committed to reduce our GHG emissions a further 30 percent by 2025, against a baseline of 2019.

We met the 2020 target mainly through energy efficiency improvements from data center consolidation and the increase in the share of renewable power in our energy mix. The target was further exceeded as a result of reduced business travel and an increase in work-from-home measures due to the pandemic.

In operationalizing our commitment through the RE100 initiative to source 100 percent renewable power for our group-wide operations by 2023, we have started to engage deeply with our suppliers and landlords and to collaborate with peers and the RE100 initiative to achieve this target. In 2020, 57 percent of our electricity consumption was renewable electricity.

Our long-established carbon reduction strategy to manage emissions from our operations includes exchange and engagement with service providers, suppliers and employees and adjusting internal processes and policies. We require all vendors in our supply chain above a certain spend threshold to meet the standards of the Allianz Code of Conduct and include environmental and climate issues in a vendor screening.

For further information on our environmental management, including trends influencing our performance, please see section 04.7 in our Group Sustainability Report 2020.

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. To date, we have claimed our operations to be 'carbon-neutral' since 2012. We achieved this through our investments in the protection of existing rainforests (Wildlife Works Carbon and Rimba Raya), thereby maintaining significant carbon sinks. This created voluntary emission certificates which we used to offset our operational emissions. The protection of natural systems is essential to achieve climate goals and even more important than planting new trees. Those take much longer amounts of time to store similar amounts of carbon. In the specific case of Rimba Raya, for instance, the Indonesian government had designated large areas on which palm oil plantations were to be established before Allianz invested in the protection of the existing swamp forest in 2013.

For more information read here.

In addition to this benefit, those projects also empower the local population through job creation, provision of health care and education – whilst simultaneously preserving biodiversity. Looking ahead, we believe focus should be both on reducing emissions in line with science and protecting natural systems. Therefore, we now have set corresponding targets to reduce emissions in our investments and operations. Furthermore, the IPCC defines carbon neutrality as 'achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period'[1]. We support this understanding of carbon neutrality. 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. In this context, we will review our approach to retiring carbon offsets and we are looking to scale removals as well to achieve our net-zero emissions goals.

1 Source: IPCC, 2018: Annex I: Glossary. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways.

Our response – partnerships, memberships and financial industry engagement

As signatories of the U.N. Global Compact, the PRI and the U.N. PSI, as well as founding member of the Finance Initiative of the UNEP FI, we strive to further a systemic response to the U.N. Sustainable Development Goals (SDGs) and the Paris Agreement. Allianz is represented as a board member of the PSI and the PRI and a Thematic Advisor on Climate Change of the Investment Committee of UNEP FI.

We are also part of specialized initiatives that focus on decarbonization:

- AOA and SBTi are bound to a commitment to portfolio decarbonization, with the AOA striving to coordinate commitment, methodologies and actions.
- Climate Action 100+ coordinates the engagement of 162 of the largest global corporates on climate matters and Allianz leads engagements.
- The Transition Pathway Initiative (TPI) has achieved remarkable progress in assessing the climate performance of corporates.
- The G7 Investor Leadership Network (ILN) and Institutional Investors Group on Climate Change (IIGCC) serve as networks to share and develop best practice; in both Allianz is represented in the board.
- 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 (see box in 05.4),

Through our memberships in The B Team, the World Economic Forum Alliance of CEO Climate Leaders and others, we are encouraging companies – both within our sector and beyond – to step up and improve their climate strategies and climate disclosure, as well as develop our own.

05.3 Strategy

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Furthermore, the German Insurance Association GDV adopted a new sustainability positioning in early 2021. Allianz was an active part of the group which developed the positioning. Amongst other goals, the industry commits to invest clients' money in a climate-neutral way by 2050 at the latest.

For more details see the positioning here.

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 World Economic Forum with support from the OECD. Another example is our three-year strategic alliance with the German Corporation for International Cooperation (GIZ) aiming at 'Closing the Protection Gap' around climate risks in developing countries.

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

For more details see section 06.2 of our Group Sustainability Report 2020 on our Memberships and Partnerships.

Developing approaches on climate-related financial disclosure for insurance portfolios

As part of a PSI-convened group with 21 other insurance companies, we have been working on an insurance industry approach to implementing the TCFD requirements. Together, we published the first guidance on how to analyze the impact of climate scenarios for different types of insurance products (e.g. personal, Property-Casualty, Life-Health, reinsurance, etc.).

The new guidance is available here.

Advocating for strong climate policy

A supportive policy environment is crucial to ensure the viability of a transition to climate resilience and net-zero emissions. Without decisive action by governments, there will be insufficient market incentives to allocate capital in line with a 1.5°C-trajectory. The private sector, including insurers, can play an important part in raising government awareness and making the business case for getting back on track with 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 2020, we made it a priority 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 the necessary structural changes that are needed – or delay action.

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

- U.N.-convened Net-Zero Asset Owner Alliance
  - **Position Paper on the Coronavirus Recovery.**
- Paper by Allianz Research and WWF Germany
  - **Managing the curves: Shaping a sustainable COVID-19 recovery.**
- Panel representation of ESG Board Chair G. Thallinger at Petersberg Climate Dialogue panel
  - **Financing Climate Ambition in the Context of COVID-19.**
- Joint opinion editorial of Nick Robins (LSE) and ESG Board chairperson G. Thallinger in Responsible Investor
  - **Post-COVID-19 recovery packages must quicken the pace to net-zero carbon emissions.**
- Signatory to the following cross-sectoral support statements on green recovery:
  - **Energy Transitions Commission;**
  - **German Business Statement for crisis management coordinated by Stiftung 2 Grad;**
  - **Statement by German Sustainable Finance Council;**
  - **EU Green Recovery Alliance.**

We are also advocating for:

- embedding of 'net-zero by 2050' in short- to long-term governmental NDCs, climate strategies and emission reduction plans;
- 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 for scale-up of new technologies that will provide solutions in hard to abate sectors, e.g. carbon capture and storage (CCS), 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 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.

For more details on sustainable finance regulation see section 04.3.

05.4 Strategy resilience, stress-tests and climate scenario analysis[1]

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Climate change considerations are an integral part of our insurance and investment strategy. We use regular stress-tests and additional climate-related scenario analyses to inform our strategic decisions as well as individual transactions.

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 as well as external tools. While material 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.

Typical time horizons

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.

We rely on our own and third-party scenarios provided by renown institutions and initiatives such as the IPCC[2], NGFS[3], IPR[4], the institutions behind the E.U. long-term scenarios, the IEA[5] or IRENA[6].

1 The scenario analysis and carbon stress test of section 05.4 is not yet part of the assurance scope, as this section pertains to various assumptions and forward looking information. Methods to provide assurance on such analyses are currently under development internationally.
Please also see the cautionary note on forward-looking statements on page 133.
2 Intergovernmental Panel on Climate Change.
3 Network for Greening the Financial System.
4 Inevitable Policy Response.
5 International Energy Agency.
6 International Renewable Energy Agency.

We have called on the International Energy Agency already twice to develop and make available a full scenario aligned with 1.5°C and net-zero emissions by 2050. While the IEA's most recent World Energy Outlook included a partial 1.5°C scenario, it stopped short of providing an outlook beyond 2030 and all underlying data tables as for the other scenarios.

We aim to use a number of different scenario providers and scenarios for our analyses to reflect the range of potential future developments and reduce the sensitivity to individual scenario narratives and assumptions. To this end, it has proved useful to have access to an increasing number of scenarios in general and especially those aligned with 1.5°C pathways.

When we conduct analyses which assess 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 emission overshoot. When conducting outside-in impact scenario analysis, we use a broader range of scenarios in terms of temperature outcomes. For physical risks we are applying RCP 4.5 and 8.5 for our analyses and aim to incorporate RCP 6.0 in the future as well. For transition risks we are using, amongst others, IPCC's SR15 and AR5 scenarios, IEA's SDS, NZE2050, 2DS and B2DS scenarios, and the NGFS scenarios released in 2020.

We apply scenarios, for instance, in analyzing decarbonization challenges and pathways of sectors and assets, potential stranded assets and technology developments across different sectors. On physical risks, we seek to identify potential impacts on physical assets we insure, own, or operate, as well as impacts on client or investee level and associated portfolios. This type of analysis is being used for both sides of the balance sheet as well as our operations including procurement. We also use scenario data and analysis to develop forward-looking criteria for our investment decisions with regard to carbon-intensive business models and low-carbon opportunities.

Carbon Stress Test

This year, we publish for the first time results of an approach to modelling carbon risks for our listed equity portfolio with a bottom-up approach. It shall complement 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 evolution of potential climate impact on portfolio. It further gives possibility to cross-check external methodologies and provides a basis for potential development of more elaborate models going forward.

Methods, assumptions and parameters

The 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. The decrease in earnings can be translated into a stock market value loss based on price-to-earnings multiples. The model requires assumptions on e.g. cost pass-through, price elasticities, or regulatory easing (either explicitly or implicitly via effective carbon prices) which are kept simple for this first version and need to be refined further.

The starting point is the carbon footprint of the listed equity portfolio, as disclosed in section 05.6, using scope 1 and 2 emission figures. On this we apply carbon price shocks derived from the climate scenarios developed in the Network for Greening the Financial System.

Read more on the Network for Greening the Financial System here.

In the scenarios, these prices materialize over the coming ten years and are depending significantly on intensity of policy action and underlying scenario assumptions. Carbon prices projected for 2030 range from € 45 to 115 per tonne CO_2e in 2°C-aligned scenarios, and increase to € 95 to 374 per tonne CO_2e in 1.5°C-aligned scenarios. The model assumes instantaneous changes of effective carbon prices applied to the portfolio, with no mitigation actions.

05.4 Strategy resilience, stress-tests and climate scenario analysis

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Limitations

To re-emphasize, this is a first version, it focuses on listed equity impacts only and also does not yet 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 scope 1 and 2 emissions and, importantly, it assumes companies do not respond to climate policy trends, e.g. governmental net-zero strategies, by lowering their carbon exposure. These are factors which can become part of more elaborated versions. In addition, we also aim to develop our approach further to cover additional large asset classes like corporate bonds or real estate.

Results and interpretation

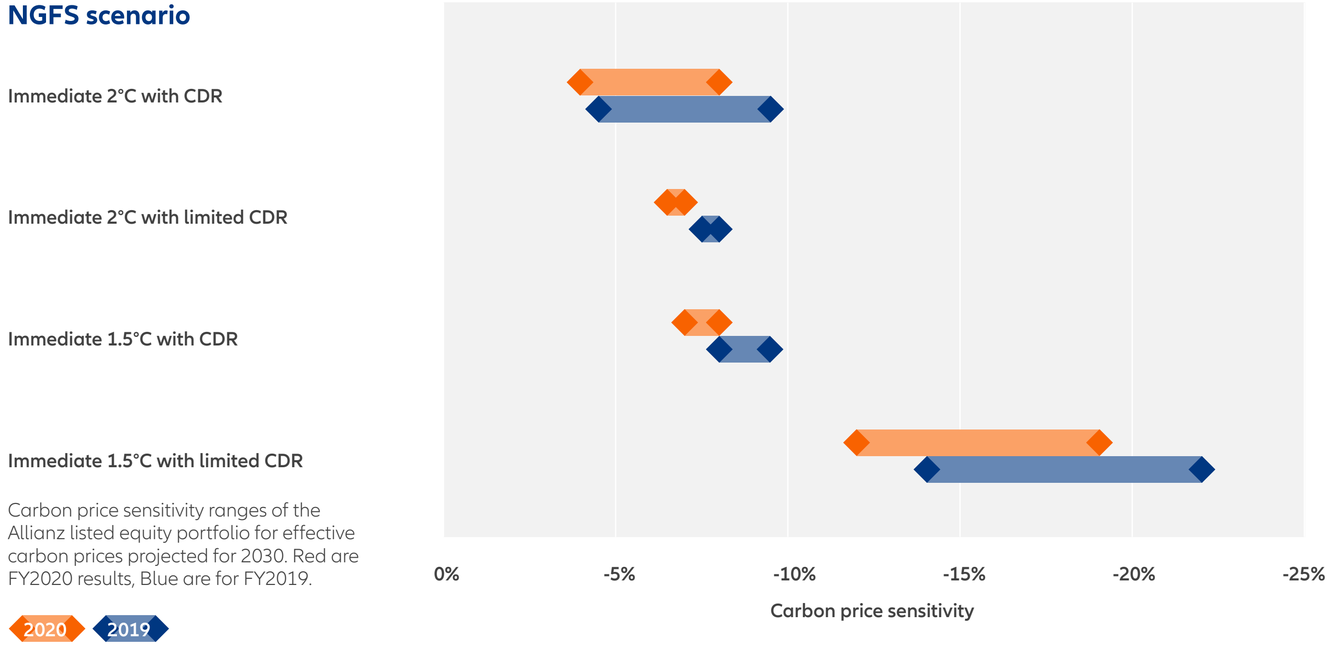
It is noteworthy that there is certain carbon concentration in our listed equity portfolio, with ten issuers accounting for about 40 percent of owned absolute emissions. Also on sector level, 94 percent of owned emissions are concentrated in five sectors[1], accounting for around 60 percent of AuM, as disclosed in section 05.6.

Consistent with analysis disclosed in previous years and with the scoping of this approach, our listed equity portfolio shows – within the current modeling framework and its limitations – sensitivities in those sectors and companies. The overall sensitivity stays contained in the Immediate 2°C scenario with CDR[2], with market value losses between -4 percent to -8 percent depending on climate-economic model. When more emission reductions are required and also atmospheric carbon removal is a limited option as in the Immediate 1.5°C scenario with limited CDR, the impact increases significantly: market value losses go up to -12 percent to -19 percent. From FY19 to FY20, the numbers have decreased as our equity portfolio carbon footprint was reduced, see section 05.6.

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.

1 NACE level 1
2 Carbon Dioxide Removal.

NGFS scenario



Carbon price sensitivity ranges of the Allianz listed equity portfolio for effective carbon prices projected for 2030. Red are FY2020 results, Blue are for FY2019.

Our strategic response to carbon risks is our long-term commitment to and our intermediary portfolio targets made as part of the UN-convened Net-Zero Asset Owner Alliance (AOA), the members of which are committed to 'transitioning investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5C degrees above pre-industrial temperatures' (see chapters 05.3.3 on the AOA and 05.6.1 on AOA-related targets). The work of the Alliance is done in collaboration and with a collective ambition, bringing together global investors, leading civil society and academia organizations, and the leadership of the UN. The Alliance is the first group of private 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 the targets is to drive decarbonization of real economy towards 1.5°C. We know today real economy is rather on a 3°C pathway, hence decisive and credible measures from all groups of actors are needed. This is why we complement our -25 percent by 2025 emission reduction targets for listed equity and corporate bonds portfolio with sector-level targets, the doubling of our engagements with companies, sectors, and full value chains, the engagement of asset managers as well as clear policy advocacy to effect the necessary change at scale.

05.4 Strategy resilience, stress-tests and climate scenario analysis

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Further examples of the application of scenario analysis include:

- Prospect and existing infrastructure assets undergo a thorough diligence along evaluation criteria taking into account 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 has conducted an energy and carbon performance overview of the direct real estate portfolio, including indicative decarbonization targets. Furthermore, Allianz Real Estate was the pilot to apply inhouse climate scenario analysis for investment portfolios. This work builds on internal underwriting tools available and paves the way to use them for the asset side as well.
- In our operations, we are assessing potential impacts from climate-related physical and transitional risks, e.g. onto our facilities, premises, or IT services including data centers via extreme weather or regulatory developments. These could result in adaptation costs, business disruptions, financial and reputational loss and similar. Therefore, mitigation measures are regularly updated.
- Allianz co-led the development of an ESG guide to non-life underwriting with the PSI, including a risk heat map for economic sectors which also covers climate-change related risk assessments.

We will continue to scale up our efforts on stress-testing and scenario analysis. In 2021, we aim to develop comprehensive quantitative scenario analysis on physical, transition and litigation aspects of climate change, covering both investments and underwriting.

Towards open source climate data, models and analytics

OS-C

More and more financial institutions are now committing to align their portfolios with the Paris Agreement. One of the main barriers they face is trusted data as well as transparent analytic tools to quantify and act decisively on climate-related risk and opportunities. Methodologies remain not standardized enough and the market for data and tools is highly fragmented.

Therefore, Allianz is supporting and contributing to Open Source Climate (OS-C), an initiative hosted under the Linux Foundation, to build together with like-minded companies a 'pre-competitive laye' of modeling and data that is globally shared and accessible – and which will accelerate innovation. 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.

Allianz is heavily involved in the development of the prototype together with other large corporations like Amazon, Microsoft and Goldman Sachs.

Collaborating for a sustainable future.... ...by developing practical tools for investors to strength climate disclosure

INVESTOR LEADERSHIP NETWORK

As a member of the climate change initiative of the ILN, we have jointly developed a report on 'Climate change mitigation and your portfolio: Practical Tools for Investors'. The report includes insights and practical tools for investors on how to strengthen climate-related disclosures by companies, focused on decarbonization scenarios in line with the Paris Agreement. To help investors better understand how different industries can shift to a 1.5°C pathway, the report provides a credible 1.5°C trajectory for 10 key sectors and 10 emission reduction levers. It poses detailed questions investors might ask when reviewing companies' scenario analysis and disclosure, based on three core elements: scenario transparency and credibility; translation to sector impact; and financial and strategic implications.

Read more here.

05.5 Risk and opportunity management

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
— Overarching risk governance
— Natural catastrophe risk governance
— Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

The risks and opportunities posed by climate change requires the use and regular review of our comprehensive framework to be addressed properly.

05.5.1 Overarching risk governance

Climate-related 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' at Allianz rests with business managers in the related 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. These are Risk, Actuarial, Compliance and Legal, which 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 conducted operating entity and Group level. Relevant emerging risks are discussed by the GFRC or the GUC. 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 page pages 84–100 of the Allianz Group Annual Report 2020.

05.5.2 Natural catastrophe risk governance

The group-wide risk management framework is also applicable for natural catastrophes. Each operating entity is responsible for controlling its exposure to individual catastrophes and 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 BoM 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 use special modeling techniques for natural catastrophes 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 natural catastrophe scenarios for Allianz Group, with data captured using best-in-class standards, mapping a range of perils and regions. The results provide the basis for group-wide risk monitoring, risk limits and subsequent business decisions. The top three perils contributing to natural catastrophe 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 natural catastrophe risks like hail or windstorms to be used in risk steering. Natural catastrophe models are regularly updated according to the latest scientific information. We are continuously improving the inclusion of global natural catastrophe hazard information, including climate, into underwriting decisions.

05.5.3 Climate and ESG-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 ESG approach integrates climate- and sustainability-related considerations by applying group-wide corporate rules and ESG 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 ESG 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 ESG approach. We also rely on external providers for data related to climate, ESG and reputational risks.

05.5 Risk and opportunity management

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

As an additional layer, the Climate Integration team within Global Sustainability and the ESG 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 ESG and climate considerations in business processes and dedicated projects. Substantial topics are channeled to the ESG 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. It is a survey amongst corporate clients, brokers, industry trade organizations, risk consultants, underwriters, senior managers and claims experts, in total collecting more than 2,700 responses from 92 countries and 22 industry sectors. Climate change is ranked ninth and is linked to natural catastrophe risks on sixth position as a key risk to property business, but also gains increasing importance in shaping emission-intensive industries in terms of transition risks. Business interruption as another overarching topic, with potential triggers also found in climate-related events, ranked highest together with the risks of pandemics.

  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 natural catastrophe 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 the 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 05.3.3 also facilitate early risk detection as well as access to industry discussions and best practice.
- A regular materiality assessment ranks emerging ESG and climate issues and opportunities according to their importance for our business and our stakeholders. See section 02.5.
- Ongoing regular 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 ESG 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. In 2020, our conversations with NGOs moved to digital formats due to the pandemic.
- 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 of integrating climate-related issues. It comprises asset manager selection and systematic integration of climate and ESG factors into our investment decisions. Across our portfolio, ESG assessment processes and data, including a variety of climate and carbon data (see section 05.6.2), enable continuous monitoring and steering of performance at security and portfolio level.

For listed assets, we use ESG scores and climate indicators to manage ESG risks and opportunities in our proprietary portfolio. If certain assets score below defined thresholds, further investigation is mandatory under central monitoring, leading to a variety of potential measures, including engagement with the respective companies.

For more details on our activities as a sustainable insurer and investors, see sections 03.1 and 03.2 in our Group Sustainability Report 2020.

05.6 Metrics and targets

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
— Targets and target performance
Metrics

06
Data and performance

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.

Furthermore, we are proud of being ranked as leading in key sustainability rankings: **1st rank in Climate Strategy in Dow Jones Sustainability Index 2020 as well as A- in CDP climate change.**

05.6.1 Targets and target performance

	Targets 2018	Progress 2018	Targets 2019	Progress 2019	Targets 2020	Progress 2020	Targets 2021+
Decarbonizing our investments	Investigate further alignment of investment strategy with a 2°C target	Committed to Science Based Targets initiative in May 2018	Set long-term climate targets for proprietary investments and business operations in line with well below 2°C Run pilot portfolios on climate-related target-setting and steering	Actively contributed to setting up U.N.-convened Net-Zero Asset Owner Alliance (AOA), a group of asset owners committed to reduce the GHG emissions of their investment portfolios to net-zero by 2050 Ran pilot portfolios on climate-related target-setting and steering, results used in operationalization of AOA commitment Raised our carbon reduction target ambition to align with 1.5°C-compatible pathways	Set long-term and intermediary climate targets (2025) for proprietary investments in line with 1.5°C as soon as AOA has defined framework for target-setting Thereafter, regularly report on progress and review targets at least every five years in line with Paris Agreement Article 4.9 Reduce GHG emissions of proprietary investment portfolio to net-zero by 2050	Set first intermediate 2025 target as part of our 'net-zero by 2050' commitment for our proprietary investment portfolio as well as operations (see section 'environmental concept' for operational emission targets)	For our proprietary investment portfolio, we aim to reduce GHG emissions to net-zero by 2050. As intermediary target, we aim to reduce our emissions in listed equities and corporate bonds by 25 percent by 2025 compared to 2019 level. The fully owned real estate portfolio will be in line with scientifically based 1.5-degree pathways by 2025. See subsequent section for details. For our operational emission targets see subsequent section 'environmental concept'
Phase out of coal-based business models	Implement a group-wide divestment from coal-based business models	Decided to no longer insure single-site coal-fired power plants and coal mines that are being operated or planned as of 2018 Further strengthened the coal exclusion approach for investments in 2018 Tightened restrictions on coal, introduced a phase-out for coal until 2040 Divested additional € 61.5 million in equities and put an additional € 906.7 million in fixed income in run-off	Update coal exclusion lists with most recent market data Fully phase out coal-based business models across our proprietary investments and property-casualty portfolios by 2040 at the latest along well below 2°C pathway	Worked on the implementation of coal exclusion approach in proprietary investments and P&C underwriting On-boarded data provider specifically for identifying companies with coal-based business models Divested additional € 14 million in equities and put another € 236 million in fixed income investments in run-off Adjusted our coal phase-out plan to be aligned with our increased ambition of 1.5°C compliance	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 Reduce threshold for coal-based business models for P&C insurance as well as investment portfolios from current 30 percent to 25 percent as of 31 December 2022 Engage with companies in proprietary investment as well as P&C portfolios to move away from coal	Engaged more than 30 insurance clients on transitioning away from coal Divested additional € 7.0 million in equities and put another € 40.3 million in fixed income investments in run-off	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 Strengthen coal policy by increasing the scope and further tightening the criteria

05.6 Metrics and targets

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

	Targets 2018	Progress 2018	Targets 2019	Progress 2019	Targets 2020	Progress 2020	Targets 2021+
Scenario analysis for insurance			Initiate PSI project to develop new approaches on climate risk assessment tools for the insurance industry	Gathered with 21 other insurance companies under the roof of PSI to develop new approaches on climate risk assessment tools for the industry and secured third-party support	Final report of PSI project expected by Q4 2020	Final report of PSI project published in January 2021 Started development of qualitative analysis on transition and litigation risks for insurance Implemented climate scenarios in inhouse tools for insurance	Develop comprehensive quantitative inhouse scenario analysis on physical, transition and litigation aspects of climate change, covering both investments and underwriting.
Net-Zero Asset Owner Alliance					Further increase the number of members and assets under management Develop inaugural Target-Setting Protocol Engage with policy-makers, regulators, sectors and companies	Together with our partners at the AOA we achieved the following: Grown to 33 members across three continents with >5 tn USD AUM Inaugural Target-Setting Protocol developed Engagements with policy-makers, regulators, sectors and companies started Position papers on green recovery, coal as well as statements on mandatory disclosure and climate-related accounting published Call for Comment on Implied Temperature Methodology issued	Carry out and disclose portfolio baseline assessments. Develop climate strategies and actions plans,including trajectories. By 2023: Disclosure of quantitative joint Alliance report Continue to contribute to all workstreams of AOA, i.e. method development, engagement, policy, financing transition, recruitment

05.6 Metrics and targets

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Allianz investment portfolio targets, as part of Asset Owner Alliance

Target layer	Measure	Target year	Base year
Sub-portfolio Listed equity	-25% absolute owned GHG emissions, Scope 1 and 2	By year-end 2024	Year-end 2019
Sub-portfolio Corporate Bonds	-25% absolute owned GHG emissions, Scope 1 and 2	By year-end 2024	Year-end 2019
Sub-portfolio Real Estate	Fully owned real estate portfolio aligned with 1.5°C pathways of CRREM[1]	By year-end 2024	Year-end 2019
Sector Utilities	• Coal phase out in line with 1.5 degree pathway • Increase direct & indirect exposure to renewable energy by 5.85 % per year (IRENA[2] global pathway)	Ongoing	
Sector Oil & Gas	• Scope 1&2 <20kg CO_2e / barrel • 50% of AuM to set net-zero 2050 targets for Scope 1+2 emissions	By year-end 2024	Year-end 2019
Engagement	• Engagement with Top 30 (non-aligned) emitters in portfolio • Full participation in all available AOA organized sector and asset manager engagements	By year-end 2024	Year-end 2019
Financing Transition	• Blended finance: 4-5 new vehicles • Climate-positive solutions: Start investing into e.g. Forestry, Hydrogen and other • Renewable investments: At a minimum, increase investments in line with IRENA[2] projection	By year-end 2024	Year-end 2019

1 CRREM: Carbon Risk Real Estate Monitor 2.5–year time lag for Joint Venture.
2 International Renewable Energy Agency.

05.6 Metrics and targets

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
— Metrics

06
Data and performance

05.6.2 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 06.

Investment portfolio composition

On the investment side, it is helpful to contextualize, for instance, our commitment to the U.N. AOA with mainstream financial information like the spread across different asset classes, jurisdictions and sectors.

This information can be accessed via the 2020 Annual Report financial supplement and the corresponding analyst presentation here.

New asset classes covered by carbon footprint disclosure

As of this reporting year, we disclose carbon footprint information of our 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 Scope 1+2 emissions in line with the GHG Protocol. Emission-related data is provided by MSCI.

Variables

I_i Allianz's investment in issuer i in Euro

Q Allianz's total portfolio market value in Euro

V_i Enterprise value of issuer i in Euro

Y_i Sales/revenues of issuer i in Euro

m_i GHG emissions of issuer i in t CO_2e

F_a Absolute portfolio carbon footprint of Allianz's listed equity and corporate bond portfolio in t CO_2e

F_r Relative portfolio carbon footprint of Allianz's listed equity and corporate bond portfolio in t CO_2e 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 (V_i) 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 minus the cash and cash equivalents held by the enterprise. Enterprise value is sourced from Bloomberg.

2019 figures for listed equity have been restated. For this year, we changed the sector classification to NACE level 1 and 2.

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 2019, as FY 2020 data will only be made available by investees in the first half of 2021.

05.6 Metrics and targets

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Listed equity portfolio indicators

Indicator	Unit	2020	Δ y-o-y	2019
Equities portfolio AuM	€ bn	32.44	-21.6 %	41.36
Share of total AuM	%	5.3	0.1 %p	5.2
Absolute emissions	mn t CO_2e	2.63	-35.1 %	4.05
Relative emissions	t CO_2e/€ mn invested	80.97	-17.2 %	97.82
Weighted average carbon intensity	t CO_2e/€ mn sales	139.23	-6.4 %	148.69
Emission data coverage	%	95.0	-0.9 %p	95.9

Portfolio values as of December 31.

Both our listed equity and corporate bonds portfolio have undergone quite considerable changes in the past year, which was strongly characterized by the economic impacts of the COVID-19 crisis.

Our equity exposure fell by a fifth and we used this to reduce our volume-adjusted relative emissions by 17 percent. Absolute emissions even reduced by over a third. The significantly larger corporate bonds portfolio on the other hand, grew in size by 2 percent while reducing the absolute and relative emissions by 4 percent and 10 percent respectively.

Sectorally, we are invested with considerable shares of our equity and bond portfolios into manufacturing companies. Therefore we also display NACE level 2 sectors to further disaggregate the sector figures.

The year 2020 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, we believe 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.

05.6 Metrics and targets

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
— Metrics

06 Data and performance

Sectoral listed equity portfolio indicators[1]

Indicator		Unit	2020	Δ y-o-y	2019
Total AuM in 5 sectors with highest owned absolute emissions in equities portfolio		€ bn	19.23	-33.5 %	28.90
Absolute Emissions of 5 sectors with highest owned absolute emissions in equities portfolio		mn t CO_2	2.46	34.2 %	3.74
Number of issuers in 5 sectors with highest owned absolute emissions in equities portfolio			1,781	3.2 %	1,726
Of these under engagement by Climate Action 100+			103	-9	112
Split of sectors[2] with highest owned absolute emissions in equities portfolio					
Manufacturing	Sector AuM	€ bn	14.80	-17.6 %	17.96
	Share of equity AuM	%	45.6	+2,2 %p	43.4
	Absolute emissions	mn t CO_2e	1.71	-34.8 %	2.63
	Relative emissions	t CO_2e/€ mn invested	115.71	-20.9 %	146.26
	Weighted average carbon intensity	t CO_2e/€ mn sales	73.14	-4.8 %	76.83
Manufacture of other non-metallic mineral products	Sector AuM	€ bn	0.47	-2.1 %	0.48
	Absolute emissions	mn t CO_2e	0.47	-18.6 %	0.58
	Relative emissions	t CO_2e/€ mn invested	992.40	-16.8 %	1,192.66
	Weighted average carbon intensity	t CO_2e/€ mn sales	17.09	2.8 %	16.62
Manufacture of basic metals	Sector AuM	€ bn	0.11	-32.0 %	0.16
	Absolute emissions	mn t CO_2e	0.39	-14.6 %	0.45
	Relative emissions	t CO_2e/€ mn invested	3,612.55	25.7 %	2,874.56
	Weighted average carbon intensity	t CO_2e/€ mn sales	3.28	-39.7 %	5.43
Manufacture of coke and refined petroleum products	Sector AuM	€ bn	0.71	-61.0 %	1.81
	Absolute emissions	mn t CO_2e	0.32	-55.9 %	0.73
	Relative emissions	t CO_2e/€ mn invested	452.68	13.0 %	400.59
	Weighted average carbon intensity	t CO_2e/€ mn sales	8.04	-46.7 %	15.08
Manufacture of chemicals and chemical products	Sector AuM	€ bn	1.55	-25.2 %	2.07
	Absolute emissions	mn t CO_2e	0.28	-41.1 %	0.48
	Relative emissions	t CO_2e/€ mn invested	182.56	-21.2 %	231.69
	Weighted average carbon intensity	t CO_2e/€ mn sales	21.04	0.2 %	21.00

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 91% 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 65% of the emissions.

05.6 Metrics and targets

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
— Metrics

06
Data and performance

Indicator		Unit	2020	Δ y-o-y	2019
Electricity, gas, steam and air conditioning supply	Sector AuM	€ bn	0.99	-25.1 %	1.33
	Share of equity AuM	%	3.1	-0.1 %p	3.2
	Absolute emissions	mn t CO_2e	0.38	-36.2 %	0.59
	Relative emissions	t CO_2e/€ mn invested	378.70	-14.8 %	444.33
	Weighted average carbon intensity	t CO_2e/€ mn sales	29.74	-8.2 %	32.41
Mining and quarrying	Sector AuM	€ bn	0.68	5.5 %	0.64
	Share of equity AuM	%	2.1	0.5 %p	1.6
	Absolute emissions	mn t CO_2e	0.20	-4.9 %	0.21
	Relative emissions	t CO_2e/€ mn invested	298.86	37.0 %	218.15
	Weighted average carbon intensity	t CO_2e/€ mn sales	15.20	11.2 %	13.67
Transportation and storage	Sector AuM	€ bn	0.44	-54.9 %	0.98
	Share of equity AuM	%	1.4	-1 %p	2.4
	Absolute emissions	mn t CO_2e	0.09	-62.2 %	0.23
	Relative emissions	t CO_2e/€ mn invested	195.68	-44.8 %	354.75
	Weighted average carbon intensity	t CO_2e/€ mn sales	5.43	-14.2 %	6.33

Portfolio values as of December 31.

In addition to the above figures, it is noteworthy that only 10 issuers in our equity portfolio account for 40 percentage of the absolute emissions of the portfolio, while only accounting for 4 percentage of the AuM. This also explains why we believe that the engagement of investee companies to decarbonize portfolios is essential.

05.6 Metrics and targets

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
— Metrics

06 Data and performance

Regional listed equity portfolio indicators

Region		Unit	2020	Δ y-o-y	2019
Europe	Region AuM	€ bn	15.62	-27.4 %	21.50
	Absolute emissions	mn t CO_2e	1.54	-40.9 %	2.60
	Relative emissions	t CO_2e/€ mn invested	47.48	-24.6 %	62.98
	Weighted average carbon intensity	t CO_2e/€ mn sales	71.01	-15.9 %	84.40
North America	Region AuM	€ bn	7.49	-6.2 %	7.99
	Absolute emissions	mn t CO_2e	0.30	-7.4 %	0.32
	Relative emissions	t CO_2e/€ mn invested	9.16	18.1 %	7.76
	Weighted average carbon intensity	t CO_2e/€ mn sales	25.88	12.3 %	23.05
Asia/Pacific	Region AuM	€ bn	5.63	-24.9 %	7.50
	Absolute emissions	mn t CO_2e	0.43	-37.2 %	0.68
	Relative emissions	t CO_2e/€ mn invested	13.24	-20.0 %	16.54
	Weighted average carbon intensity	t CO_2e/€ mn sales	21.26	-4.5 %	22.26
Emerging Markets	Region AuM	€ bn	3.70	-15.2 %	4.37
	Absolute emissions	mn t CO_2e	0.36	-17.5 %	0.44
	Relative emissions	t CO_2e/€ mn invested	11.08	5.2 %	10.54
	Weighted average carbon intensity	t CO_2e/€ mn sales	21.08	11.1 %	18.98

Portfolio values as of December 31.

Corporate bonds portfolio indicators

Indicator	Unit	2020	Δ y-o-y	2019
Corporate bonds portfolio AuM	€ bn	185.28	2.2 %	181.33
Share of total AuM	%	30.2	-0.3 %p	30.5
Absolute emissions	mn t CO_2e	20.61	-4.2 %	21.52
Relative emissions	t CO_2e/€ mn invested	97.08	-9.6 %	107.42
Weighted average carbon intensity	t CO_2e/€ mn sales	227.19	1.6 %	223.68
Emission data coverage	%	84.3	-1.4 %p	85.7

Portfolio values as of December 31.

05.6 Metrics and targets

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
— Metrics

06 Data and performance

Sectoral corporate bonds portfolio indicators

Indicator			Unit	2020	Δ y-o-y	2019
Total AuM in 5 sectors with highest owned absolute emissions in corporate bonds portfolio			€ bn	80.89	-0.4 %	81.25
Absolute Emissions of 5 sectors with highest owned absolute emissions in corporate bonds portfolio			mn t CO_2e	18.94	-6.6 %	20.27
Number of issuers in 5 sectors with highest owned absolute emissions in corporate bonds portfolio				1,056	9.0 %	969
Of these under engagement by Climate Action 100+				107	+2	105
Split of sectors[1] with highest owned absolute emissions in corporate bonds portfolio						
Manufacturing		Sector AuM	€ bn	47.17	3.0 %	45.81
		Share of corporate bonds AuM	%	25.5	+0.2 %p	25.3
		Absolute emissions	mn t CO_2e	9.17	6.2 %	8.63
		Relative emissions	t CO_2e/€ mn invested	194.40	3.1 %	188.47
		Weighted average carbon intensity	t CO_2e/€ mn sales	65.59	11.7 %	58.72
	Manufacture of coke and refined petroleum products	Sector AuM	€ bn	8.26	12.6 %	7.34
		Absolute emissions	mn t CO_2e	4.18	35.8 %	3.08
		Relative emissions	t CO_2e/€ mn invested	506.30	20.6 %	419.80
		Weighted average carbon intensity	t CO_2e/€ mn sales	22.84	25.0 %	18.27
	Manufacture of other non-metallic mineral products	Sector AuM	€ bn	1.14	-8.3 %	1.25
		Absolute emissions	mn t CO_2e	1.70	-20.1 %	2.12
		Relative emissions	t CO_2e/€ mn invested	1485.76	-12.8 %	1704.15
		Weighted average carbon intensity	t CO_2e/€ mn sales	16.18	0.9 %	16.04
	Manufacture of chemicals and chemical products	Sector AuM	€ bn	3.05	-5.8 %	3.24
		Absolute emissions	mn t CO_2e	1.35	2.8 %	1.31
		Relative emissions	t CO_2e/€ mn invested	442.34	9.1 %	405.41
		Weighted average carbon intensity	t CO_2e/€ mn sales	10.95	7.3 %	10.20
	Manufacture of basic metals	Sector AuM	€ bn	0.91	6.3 %	0.85
		Absolute emissions	mn t CO_2e	0.75	-16.6 %	0.90
		Relative emissions	t CO_2e/€ mn invested	831.31	-21.5 %	1058.91
		Weighted average carbon intensity	t CO_2e/€ mn sales	4.84	-4.5 %	5.07

1 These four NACE level 1 sectors comprise 89% of our corporate bonds 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 44% of the emissions.

05.6 Metrics and targets

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
— Metrics

06
Data and performance

Indicator		Unit	2020	Δ y-o-y	2019
Electricity, gas, steam and air conditioning supply	Sector AuM	€ bn	15.66	1.2 %	15.48
	Share of corporate bonds AuM	%	8.5	-0.1 %p	8.5
	Absolute emissions	mn t CO_2e	6.20	-19.4 %	7.70
	Relative emissions	t CO_2e/€ mn invested	396.21	-20.3 %	497.30
	Weighted average carbon intensity	t CO_2e/€ mn sales	88.95	-12.7 %	101.87
Transportation and storage	Sector AuM	€ bn	13.16	-7.4 %	14.21
	Share of corporate bonds AuM	%	7.1	-0.7 %p	7.8
	Absolute emissions	mn t CO_2e	1.84	-12.2 %	2.10
	Relative emissions	t CO_2e/€ mn invested	139.80	-5.2 %	147.48
	Weighted average carbon intensity	t CO_2e/€ mn sales	27.83	13.3 %	24.57
Mining and quarrying	Sector AuM	€ bn	3.68	-17.7 %	4.47
	Share of corporate bonds AuM	%	2.0	-0.5 %p	2.5
	Absolute emissions	mn t CO_2e	1.17	1.5 %	1.15
	Relative emissions	t CO_2e/€ mn invested	318.05	23.4 %	257.82
	Weighted average carbon intensity	t CO_2e/€ mn sales	13.10	-2.9 %	13.49

Portfolio values as of December 31.

05.6 Metrics and targets

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Regional corporate bonds portfolio indicators

Region		Unit	2020	Δ y-o-y	2019
Europe	Region AuM	€ bn	90.92	1.2 %	89.87
	Absolute emissions	mn t CO_2e	9.77	-7.9 %	10.60
	Relative emissions	t CO_2e/€ mn invested	46.00	-13.1 %	52.93
	Weighted average carbon intensity	t CO_2e/€ mn sales	75.28	-0.5 %	75.63
North America	Region AuM	€ bn	74.44	2.3 %	72.80
	Absolute emissions	mn t CO_2e	7.58	5.5 %	7.19
	Relative emissions	t CO_2e/€ mn invested	35.72	-0.5 %	35.89
	Weighted average carbon intensity	t CO_2e/€ mn sales	118.14	3.4 %	114.27
Asia/Pacific	Region AuM	€ bn	6.52	-2.0 %	6.65
	Absolute emissions	mn t CO_2e	0.35	-34.6 %	0.53
	Relative emissions	t CO_2e/€ mn invested	1.64	-38.3 %	2.66
	Weighted average carbon intensity	t CO_2e/€ mn sales	5.28	9.3 %	4.83
Emerging Markets	Region AuM	€ bn	13.39	11.6 %	12.01
	Absolute emissions	mn t CO_2e	2.91	-8.7 %	3.19
	Relative emissions	t CO_2e/€ mn invested	13.73	-13.9 %	15.94
	Weighted average carbon intensity	t CO_2e/€ mn sales	28.49	-1.6 %	28.95

Portfolio values as of December 31.

Greenhouse gas emissions of Allianz Group

Indicator	Unit	2020	Δ y-o-y	2019
Scope 1 – direct GHG emissions	t CO_2e	28,714	-31.7 %	42,011
Scope 2 – indirect GHG emissions (market-based)	t CO_2e	100,722	-29.3 %	142,563
Scope 2 – indirect GHG emissions (location-based)	t CO_2e	180,826	-19.4 %	224,315
Scope 3 – other indirect GHG emissions excl. cat 15	t CO_2e	73,916	-50.5 %	149,459
Scope 3 – category 15 (financed emissions of listed equity and corporate bonds portfolio)	t CO_2e	23,241,052	-9.1 %	25,561,949

Portfolio values as of December 31.

05.6 Metrics and targets

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

05.1 Highlights
05.2 Governance
Overarching and board-level governance
Business and management-level governance
Board remuneration and climate competence
05.3 Strategy
Our climate change strategy
Climate-related risks and opportunities
Our response
05.4 Strategy resilience, stress-tests and climate scenario analysis
05.5 Risk and opportunity management
Overarching risk governance
Natural catastrophe risk governance
Climate and ESG related risk governance
05.6 Metrics and targets
Targets and target performance
Metrics

06
Data and performance

Investment and insurance metrics

In addition to these metrics, we use a range of further metrics to analyze our portfolio with a broad range of climate- and carbon-related data and indicators from sources like MSCI ESG, TPI, Influence Map, Carbon Tracker and SBTi (list not exhaustive). Indicators include absolute and relative carbon footprint information, fossil fuel reserves including potential emissions, carbon performance, risk and risk management indicators, low-carbon opportunities scores and decarbonization targets, amongst others.

For more details on our climate and sustainability-related metrics and targets see section 06.

Business operations

We continually strive to improve the environmental and climate performance of our business operations globally. In 2020, we entered a new target period and started working towards emission reduction targets in line with climate science.

Our group-wide Environmental Management System provides the framework, including 47 KPIs related to, amongst others, GHG emissions per employee, electricity consumption, share of renewable energy and number of carbon certificates used to offset remaining emissions to be carbon-neutral.

More information on our environmental management can be found in section 04.7.

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

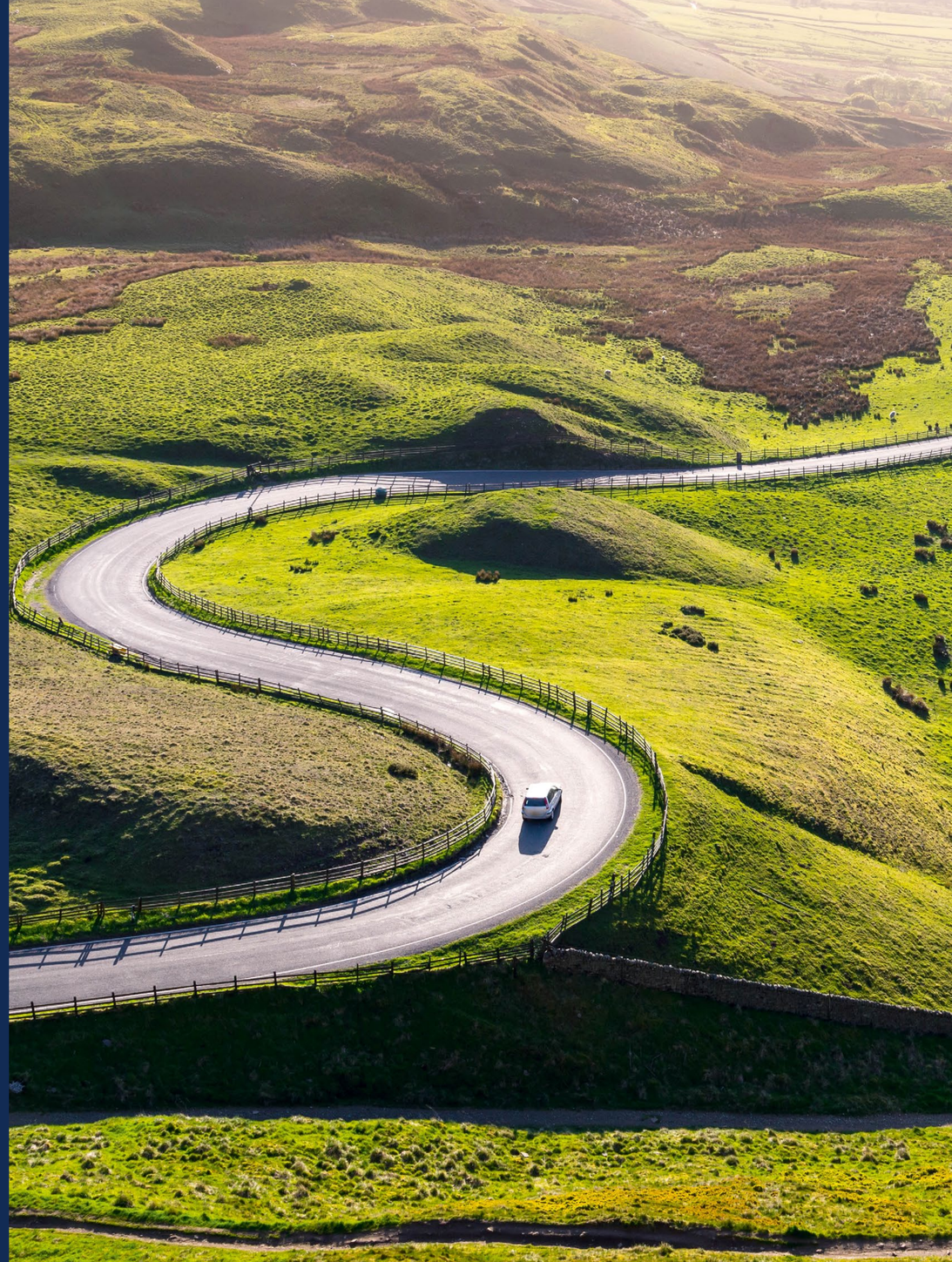
04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

06 Data and performance



06.1 Our targets and achievements

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
— Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

06.1.1 Climate integration and environmental management

Topic	Targets 2020	Progress and achievements 2020	Targets 2021 and beyond	Reference sections / data table
Climate strategy	• Set long-term climate targets for our proprietary investments and business operations in line with the Paris Climate Agreement's goal to limit global warming to well below 1.5°C.	• Actively contributed to setting up the U.N.-convened Net-Zero Asset Owner Alliance, a group of asset owners committed to reduce the GHG emissions of their investment portfolios to net-zero by 2050, consistent with a maximum temperature rise of 1.5°C.	• Set long-term and intermediary climate targets for our proprietary investments and business operations in 2020 in line with the Paris Climate Agreement's goal to limit global warming to 1.5°C.	Sections 02.2; 05
	• Reduce GHG emissions of proprietary investment portfolio to net-zero by 2050.	• We set our first intermediate 2025 target as part of our net-zero by 2050 commitment for our proprietary investment portfolio as well as operations (see subsequent section "environmental concept" for operational emission targets).	• For our proprietary investment portfolio, we aim to reduce GHG emissions to net-zero by 2050. As intermediary target, we aim to reduce our greenhouse gas emissions in listed equities and corporate bonds by 25 percent by 2025 compared to 2019 level. All real estate invested in by us will be in line with scientifically based 1.5°C pathways in terms of total emissions by 2025. For our operational emission targets see subsequent section "environmental concept".	
PSI collaboration on climate risks	• Together with the UNEP-FI Principles for Sustainable Insurance, we will furthermore develop new approaches on climate risk assessment tools for the insurance industry. This shall enable a better understanding of the impacts of climate change scenarios on the different lines of insurance business. • Publish final report of Principles for Sustainable Insurance project expected by Q4 2020.	• Gathered 21 insurance companies under the roof of the U.N. Principles for Sustainable Insurance to jointly develop new approach on climate risk assessment tools for the industry and secured third-party support. • Published final report with PSI; for further details see section 05.3.		Section 03.1.1 Section 05.3
Climate risk insurance	• Develop flood insurance product for public assets in Accra, Ghana.	• Insurance product to protect public assets against floods in Accra, Ghana, developed within the framework of our three-year strategic alliance with GIZ.	• Propose flood insurance for public assets in Accra, Ghana; propose integrated risk management including flood insurance to SMEs in industrial zones in Morocco.	Section 03.1.2
Coal-based business models	• Update coal exclusion lists with most recent market data.	• We further worked on the implementation of our coal exclusion approach in proprietary investments and property-casualty underwriting.	• Fully phase out coal-based business models across our proprietary investments and P&C portfolios by 2040 at the latest.	Section 03.2.1
	• Fully phase out coal-based business models across our proprietary investments and property-casualty (P&C) portfolios by 2040 at the latest. • Engage with companies in proprietary investment as well as P&C portfolios to move away from coal.	• On-boarded data provider specifically for identifying companies with coal-based business models.	• Reduce the threshold for coal-based business models for P&C insurance as well as investment portfolios from current 30 percent to 25 percent as of 31 December 2022.	Table ESG–10
		• Divested an additional € 7.0 million in equities and put another € 40.3 million in fixed income investments in run-off.	• Engage with companies in proprietary investment as well as P&C portfolios to move away from coal.	
		• Engaged with more than 30 companies in our P&C portfolio in line with the Allianz P&C coal phase-out approach.		

06.1 Our targets and achievements

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

06.1 Our targets and achievements
— Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Topic	Targets 2020	Progress and achievements 2020	Targets 2021 and beyond	Reference sections / data table
Renewable energy investments		• Investments of € 6.8 billion (2019: € 7.2 bn) in renewable energy.		Section 03.2.2 Table ESG–8
Renewable energy	• Achieve 100 percent green electricity for our operations by 2023 within Allianz Group.	• Achieved a share of 57 percent green electricity of total electricity used (2019: 49 percent) within Allianz Group.	• Achieve 100 percent green electricity for our operations by 2023 within Allianz Group.	Section 04.7 Table ENV–5
Environmental management targets	• Develop revised environmental targets for operations.	• In 2020, we developed our next set of environmental targets up until 2025.	• See specific new environmental targets below.	Section 04.7
Energy consumption	• Reduce energy consumption by 30 percent per employee by 2020 compared to 2010 within Allianz Group.	• Achieved a reduction of 50 percent in 2020 (2019: 37 percent) compared to 2010 within Allianz Group.	• Reduce energy consumption by 30 percent per employee by 2025 compared to 2019 within Allianz Group.	Section 04.7 Table ENV–3
Greenhouse gas (GHG) emissions per employee	• Reduce GHG emissions by 30 percent per employee by 2020, against a 2010 baseline.	• In 2020, our carbon footprint per employee was 1.4 tons (2019: 2.4 tons). This represents a 62 percent reduction, against a 2010 baseline. • Key approaches to meet the 2020 target were improvements in energy efficiency, due to data center consolidation, as well as an increase of the share of renewable power in our energy mix. Further emissions reductions were the result of pandemic-related measures including home-office and restriction of business travel, leading us to exceed our target for this year.	• Reduce GHG emissions by 30 percent per employee by 2025, against a 2019 baseline.	Section 04.7 Table ENV–2 NFR, Environmental matters, p. 48-501
Paper consumption	• Reduce paper consumption by 40 percent per policy compared to 2014 by 2020 within Allianz Group.	• Achieved a reduction of 57 percent in 2020 (2019: 50 percent[1]) compared to 2014 within Allianz Group.	• Reduce paper consumption by 20 percent per policy compared to 2019 by 2025 within Allianz Group.	Section 04.7 Table ENV–9
Water consumption			• Reduce water consumption by 10 percent per employee compared to 2019 by 2025 within Allianz Group.	Section 04.7 Table ENV–7
Waste production			• Reduce waste generation by 10 percent per employee compared to 2019 by 2025 within Allianz Group.	Section 04.7 Table ENV–8
Business travel			• Reduce GHG emissions from business travel by 15 percent per employee compared to 2019 by 2025 within Allianz Group.	Section 04.7 Table ENV–6

1 Additional details can be found in the Group Annual Report 2020, Combined Separate Non-Financial Statement (NFR).

06.1 Our targets and achievements

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

06.1.2 Societal impact

Topic	Targets 2020	Progress and achievements 2020	Targets 2021 and beyond	Reference sections / data table
Strategy	• Further develop and implement the Social Pillar strategy to connect with the business and its operations. • Set Business and Social KPIs and measurement systems to track outcome.	• Existing strategy was revised and the new strategy was developed in 2020. The measurement system is being revised.	• Continue with the implementation of the strategy.	Sections 02.3; 04.9
SOS children's Villages	• Increase partnerships with SOS Children's Villages to 31 countries by 2021. • Increase social engagement in global and local Allianz operating entities/employees (e.g. World Run, YouthCan!, and local partnerships). • Increase the potential reach of children/youth through programs that we support.	• Due to e.g. the impact of COVID-19, our primary focus in 2020 was not on increasing the country reach, but on supporting existing local partnerships and areas that were hit by disasters. See item Employee Engagement Programs for further details and in section 04.9.	• Continue to work on targets set. • Shape our partnership towards Allianz's new strategy.	Sections 02.3; 04.9
	• Support SOSCVI Emergency Preparedness and Response Projects to increase the resilience of SOSCV villages and surrounding communities in case of disaster.	• Supported SOSCVI emergency response in 2020, including COVID-19 related ones. For further details see section 04.9.	• Continue to support SOS CVI emergency preparedness and response and assess needed support for disaster preparedness.	Sections 02.3; 04.9
	• Support SOSCVI efforts to increase the employability of SOSCV youth through implementation of YouthCan! program locally, conduct Online Mentoring with SOSCV and Volunteer Vision within Allianz globally.	• We carried out activities through YouthCan! both at global and local levels, including Online Mentoring.	• Continue to support SOSCVI's efforts to increase the employability of the youth.	Sections 02.3; 04.9
Encouraging future generations program	• Continue with Social Innovation Fund to encourage operating entities to on-board with the strategy. • Combine the Encouraging Future Generations Day with the annual Sustainability Forum to increase efficiency in reach and consistency among stakeholders.	• As an evolution to the Encouraging Future Generations Program, in 2020, we reassessed our existing approach. See details in sections 02.3 and 04.9.		Sections 02.3; 04.9
Employee volunteering program	• Improve global approach and communicate to OEs. • Develop a framework to support OEs in elevating community engagement activities on local level.	• In 2020 we continued to provide engagement opportunities for our employees despite the pandemic. For example, at the Group level, Online Mentoring Program continued, and we hosted our fifth Allianz World Run. At the local level, when it was possible, entities also conducted activities on the ground.		Sections 02.3; 04.9
Emerging consumers	• Continue expansion in the emerging consumers market Africa, Asia and Latin America.	• Despite the COVID-19 pandemic's negative social and economic impact, we were able to maintain or even increase our outreach to emerging consumers in a number of target countries in 2020. We also continued to intensify our strategic partnership with the Swedish microinsurance and telehealth specialist BIMA. Following our initial investment in 2017 and the start of our joint collaboration with the German development agency GIZ to develop the next generation of mobile insurance products in 2019, we reiterated our commitment to BIMA and the emerging consumers segment by a follow-on investment in BIMA in 2020.	• 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.	Section 03.1.5 Table ESG-6

06.1 Our targets and achievements

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

06.1.3 Business integration

Topic	Targets 2020	Progress and achievements 2020	Targets 2021 and beyond	Reference sections / data table
PSI industry standard	• Publish a full first version of the PSI-ESG in Underwriting Guidance for property-casualty insurance by the first quarter of 2020.	• Allianz co-led a multi-year project together with UNEP FI's Principles for Sustainable Insurance initiative which resulted in the publication of the first global guide to manage ESG risks in non-life insurance in June 2020.	• We will actively contribute to the annual update of the ESG guide.	Section 03.1.1
ESG engagements		• Conducted 68 engagements with investee companies on ESG grounds.		Section 03.2.1 Tables ESG-12; ESG-13; ESG-14; ESG-15
ESG integration	• Review referral and assessment process. • Continue to implement and improve our ESG screening process into insurance, investment and procurement transactions.	• 597 transactions referred and assessed for ESG risks.	• Continue to implement and improve our ESG screening process into insurance, investment and procurement transactions.	Sections 02.4; 03.1.1; 03.2.1 Tables ESG-1; ESG-2; ESG-3
Sustainable investments		• Increased our proprietary sustainability-themed investments to € 39.3 billion from € 29.5 billion.		Section 03.2.2 Table ESG-8
		• Increased our third-party sustainable investment assets under management to € 231.9 billion from € 157.7 billion in 2019.		Table ESG-15
Unep-fi principles for sustainable insurance		• Allianz co-led a multi-year project together with UNEP FI's Principles for Sustainable Insurance initiative which resulted in the publication of the first global guide to manage ESG risks in non-life insurance in June 2020. The guide shows how insurers can develop a systematic approach to managing ESG risks such as climate change, protected sites, human rights, controversial weapons, among others.		Sections 03.1; 05.3
			• We will actively contribute to the establishment of the U.N.-convened Net-Zero Underwriting Alliance alongside other insurance firms around the world.	
Net-zero asset owner alliance	• Further increase the number of members and assets under management. • Develop inaugural Target-Setting Protocol. • Engage with policy-makers, regulators, sectors and companies.	Together with our partners at the AOA we achieved the following: • Grew to 33 members across three continents with > USD 5 tn AUM. • Developed inaugural Target-Setting Protocol. • Started engagements with policy-makers regulators, sectors and companies. • First position papers and statements published.	• Carry out and disclose portfolio baseline assessments. • Develop climate strategies and action plans, including trajectories. • By 2023: Disclosure of quantitative joint Alliance report.	Sections 02.2; 03.2; 05.1; 05.3; 05.6

06.1 Our targets and achievements

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Topic	Targets 2020	Progress and achievements 2020	Targets 2021 and beyond	Reference sections / data table
ESG in real estate	• Conduct further energy audits to improve energy efficiency and increase the use of renewable electricity – including by engaging with tenants to switch to renewable electricity. • Develop global carbon accounting and reporting framework.	• Expanded Allianz Real Estate's ESG approach and strengthened in the context of indirect investments and to increase the emphasis on energy performance data collection. • Finalized a new global carbon accounting and reporting.	• Conduct further energy audits. • Extend efforts to reduce carbon emissions (e.g. revise the technical/ environmental due diligence scope or ESG analysis in investment documentation).	Sections 03.2.3 Table ESG-8
Sustainable solutions	• Continue to increase our sustainable solutions offer worldwide.	• Offered 232 sustainable insurance and asset management solutions (2019: 228). • € 1,878.9 million revenue generated through sustainable solutions (2019: € 1,371.3 mn).	• Continue to increase our sustainable solutions offer worldwide.	Section 03.4 Tables ESG-4; ESG-5; ESG-6
Human rights	• Continue to apply ESG Sector Guidelines and Human Rights Guidelines for sensitive countries into all business lines and core processes dealing with insurance and investment decisions. • Conduct a review of U.K. and Group Modern Slavery Statement in 2020. • Publish a full first version of the PSI-ESG in Underwriting Guidance for property-casualty insurance by the second quarter of 2020.	• Human rights form part of our ESG risk framework, and thus of our core due diligence processes on sensitive business transactions. For further details, please refer to section 02.4 or ESG Integration Framework. • In 2020, there was no incident related to human rights issues as defined in the Modern Slavery Statement in 2020. • Allianz Group Modern Slavery Statement was updated in mid-2020.	• Continue to apply ESG Sector Guidelines and Human Rights Guidelines for sensitive countries into all business lines and core processes dealing with insurance, investment and procurement decisions. • Continue to develop and improve our approach to human rights integration in the business and the organization. And disclose this approach as part of the formal Allianz ESG Integration Framework.	Section 02.4 Allianz ESG Integration Framework
Vendor code of conduct		• 100 percent (2019: 97 percent) of global suppliers, representing a total spend of € 1.5 billion (2019: € 1.8 bn), committed to the Allianz Vendor Code of Conduct.		Section 04.8

06.1 Our targets and achievements

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

06.1.4 Other sustainability-related targets and achievements[1]

Topic	Targets 2020	Progress and achievements 2020	Targets 2021 and beyond	Reference sections / data table
Inclusive meritocracy	• 73 percent IMIX score in 2021 within Allianz Group.	• 78 percent IMIX score in 2020 within Allianz Group (2019: 73 percent). • We are well on track to achieve our 2021 targets for the Allianz Group and continue to rollout global initiatives with the goal to maintain, if not further improve, the results.	• 73 percent IMIX score in 2021 within Allianz Group.	Section 04.1 Table HR-10 NFR, Employee matters, p. 55-57
Global customer satisfaction (NPS performance)	• 75 percent plus of Allianz Group business segments of our entities score above market or in a loyalty leader position in 2021. • In order to ensure we will meet our global ambitions for 2021, dedicated 'NPS activation workshops' will continue to be organized in 2020 with all OEs in scope to identify performance gaps and set up concrete action plans.	We achieved the highest ever measured NPS results for Allianz: • 45 out of 57 measured segments have been either above local market or Loyalty Leaders resulting in a share of 79 percent (2019: 70 percent). • 34 out of 57 measured segments have been Loyalty Leaders resulting in a share of 60 percent (2019: 46 percent). This means that we exceeded the 2021 group target (75+ percent outperforming) one year ahead of time. Main drivers for this success have been voice of the customer, product simplifications, expanding digital service offerings and COVID-19 measures.	• For over 75 percent of Allianz Group business segments to outperform their local market (meaning either above market or Loyalty Leader position).	Section 04.4 Table CS-1 NFR, Social matters, p. 51-54
Data privacy	• Implement the APRP across all Allianz Group companies by mid-2020 and transform into a business-as-usual environment. • We will target a sample of Allianz OEs for data privacy reviews.	• We successfully concluded efforts we had begun in 2016, working with Allianz Group companies and other Group Centers on realizing the groupwide deployment of the APRP in 2020. Having reached this milestone, the data privacy program has transitioned to a business-as-usual environment. Accordingly, our emphasis and, along with it, resources deployed, have been shifted from the implementation of the privacy program to monitoring activities, including onsite reviews. These efforts focus on the maturation of our group-wide privacy activities.	• Data 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 deal with privacy related topics, including PIAs, records of processing activities, data incidents, and data access requests.	Section 04.2 NFR, Social matters, p. 51-54
Compliance	• Complete the fourth cycle of the integrated compliance risk scoping and assessment activities as part of the company's IRCS process in 2020(IRCS) processes. • Continue to focus on assessing the effectiveness of the implemented mitigating measures via the risk and maturity assessment.	• Completed the fourth cycle of our integrated compliance risk scoping and assessment activities as part of the company's IRCS.	• 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.	Section 04.5 NFR, Compliance/Anti-Corruption and Bribery Matters, p. 57-582

1 These targets and achievements are related to other parts of our corporate strategy, i.e. the Renewal Agenda or our HR approach.
2 Additional details can be found in the Group Annual Report 2020, Combined Separate Non-Financial Statement (NFR).

06.2 Our impact on the U.N. Sustainable Development Goals

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

	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
01 Introduction																	
01.1 Message from the CEO, p. 03																	●
02 Sustainability strategy and governance																	
02.2 Climate change and decarbonization, p. 11-12							●						●				
02.3 Creating societal impact, p. 13	●							●									●
02.4 ESG business integration, p. 14-15			●			●	●	●	●		●	●	●	●	●	●	
02.6 Stakeholder engagement, p. 18-19																	●
03 Sustainability in our core business activities																	
03.1.1 Integrating ESG in insurance, p. 27			●			●	●	●	●		●	●	●	●	●	●	●
03.1.2 Climate and renewables, p. 28-30							●		●				●				●
03.1.3 Natural catastrophes, p. 31											●	●					
03.1.4 Cyber security, p. 32									●								
03.1.5 Emerging consumers, p. 33-34	●		●						●	●							
03.2.1 ESG integration and engagement approach, p. 35-40													●				●
03.2.2 Sustainability-themed investments, p. 41							●		●	●	●		●				
03.2.3 ESG in real estate investments, p. 42							●				●		●				
03.3 Sustainability in asset management, p. 43-47							●	●	●		●		●				●
03.4 Sustainable solutions, p. 48-50			●				●			●	●		●		●		
04 Sustainability in our organization																	
04.1 Human resources, p. 51-54			●	●	●			●		●							
04.1.1 Diversity and Inclusion, p. 54-56					●			●		●							
04.1.2 Training and developing our people, p. 57-59				●				●									
04.1.3 Engaging our employees, p. 60				●	●			●									
04.1.4 Health and well-being, p. 61-62			●					●									
04.2 Data protection and privacy, p. 63-64																●	
04.3 Regulatory and public affairs, p. 65													●			●	●
04.5 Compliance, p. 68-69								●								●	
04.6 Tax transparency, p. 70																●	
04.7 Environmental management, p. 71-73							●				●	●	●	●	●		●
04.8 Sustainable procurement, p. 74							●					●	●			●	
04.9 Societal impact, p. 75-77	●	●	●	●	●			●		●	●						●
05 Allianz's climate-related financial disclosure																	
05 Allianz's climate-related financial disclosure, p. 78-107							●		●	●		●	●				●

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

06.3 Our commitment to the WEF Stakeholder Capitalism Metrics

In January 2021, Allianz became one of the initial endorsing companies of the World Economic Forum's Stakeholder Capitalism Metrics. We actively encourage our stakeholders and business partners to consider adopting the metrics for their own reporting. As part of our commitment to promote transparent and comparable reporting, we are including an overview of our disclosures based on the Stakeholder Capitalism Metrics. While most indicators are already included in our 2020 disclosure, we also present a timeline for disclosure of the remaining metrics. Some metrics we do not consider material for us as a financial services company. In these cases explanations for these omissions are provided.

For further details on the Stakeholder Capitalism Metrics, please see the WEF website.

Area	Theme	Core metrics and disclosure	Description	Reference	Additional details
1. Principles of Governance	Governing purpose	**Setting purpose**	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	AR, To our investors, p. 2 AR, Non-Financial Report, Corporate Responsibility Governance and Strategy, p. 46 SR, 01.4 Purpose and strategy, p. 07	
	Quality of governing body	**Governance body composition**	Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	AR, Corporate governance, diversity concept, p. 18 SR, 06.6 Human resources data, Table HR-7 (Diversity), p. 127	
	Stakeholder engagement	**Material issues impacting stakeholders**	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	SR, 02.5 Materiality, p. 14–15 SR, 06.8 Reporting parameters, scope and materiality, p. 130–131 SR 2019, 02.5 Materiality, p. 14–16	
	Ethical behaviour	**Anti-corruption**	1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region.		Data regarding this indicator will be first reported in our disclosures covering 2022.
		Anti-corruption	a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years.		Data regarding this indicator will be first reported in our disclosures covering 2022.
		Anti-corruption	b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.		Data regarding this indicator will be first reported in our disclosures covering 2022.
		Anti-corruption	2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	SR, 04.5 Compliance, p. 68–69 AR, Non-financial report, Compliance/Anti-Corruption and Bribery Matters, p. 57–58 Group Code of Conduct	

06.3 Our commitment to the WEF Stakeholder Capitalism Metrics

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Area	Theme	Core metrics and disclosure	Description	Reference	Additional details
1. Principles of Governance	Ethical behaviour	**Protected ethics advice and reporting mechanisms**	A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and	SR, 04.5 Compliance, p. 68–69 AR, Non-financial report, Compliance/Anti-Corruption and Bribery Matters, p. 57-58 Group Code of Conduct	
		Protected ethics advice and reporting mechanisms	A description of internal and external mechanisms for: 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	SR, 04.5 Compliance, p. 68–69 AR, Non-financial report, Compliance/Anti-Corruption and Bribery Matters, p. 57–58 Group Code of Conduct	
	Risk and opportunity oversight	**Integrating risk and opportunities into business process**	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	AR, Risk and opportunity report, p. 84–100 AR, Non-financial report, Risk management, p. 47 SR, 01.3 Emerging risks, p. 05–06	
2. Planet	Climate change	**Greenhouse gas (GHG) emissions**	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO_2e) GHG Protocol Scope 1 and Scope 2 emissions.	SR, 04.7 Environmental management, p. 71–73 AR, Non-financial report, Environmental Matters, p. 48–50	
		Greenhouse gas (GHG) emissions	Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	SR, 04.7 Environmental management, p. 71–73 AR, Non-financial report, Environmental Matters, p. 48–50	
		TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above preindustrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	SR, 05 Allianz's climate-related financial disclosure, p. 78–107	
	Nature loss	**Land use and ecological sensitivity**	Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	Disclosure omitted due to limited materiality	As a financial services company, our operational impact on nature loss is limited. In our investment and insurance ESG integration approach we consider the risk of nature loss and manage such risks where appropriate.

06.3 Our commitment to the WEF Stakeholder Capitalism Metrics

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Area	Theme	Core metrics and disclosure	Description	Reference	Additional details
2. Planet	Freshwater availability	**Water consumption and withdrawal in water- stressed areas**	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water-stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	Disclosure omitted due to limited materiality	As a financial services company, our operational impact on water consumption and withdrawal in water-stressed areas is limited. Nevertheless, we do consider a significant number of our operations to be located in water-stressed areas (see section 04.7, Reducing water use) and have set ourselves targets to reduce our water consumption per employee by 10 percent by 2025 from a 2019 baseline.
3. People	Dignity and equality	**Diversity and inclusion**	Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	SR, 06.6 Human resources data, Table HR-4 (Age structure), p. 126 SR, 06.6 Human resources data, Table HR-7 (Diversity), p. 127	
		Pay equality	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.		Data regarding this indicator will be first reported in our disclosures covering 2022.
		Wage level	Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.		Data regarding this indicator will be first reported in our disclosures covering 2022.
		Risks for incidents of child, forced and compulsory labor	An explanation of the operations and suppliers considered to have significant risk for incidents of child labor, forced or compulsory labor. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	SR, 02.8 Our commitment to human rights, p. 24–25 SR, 02.4 ESG business integration, p. 14–15 AR, Non-financial report, Human rights matters, p. 54–55 Group Code of Conduct Allianz ESG Integration Framework, Section 04 Human rights	
	Health and well-being	**Health and safety**	The number and rate of fatalities as a result of • work-related injury; • high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; • main types of work-related injury; and • the number of hours worked.		Data regarding this indicator will be first reported in our disclosures covering 2022.
		Health and safety	An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	SR, 04.1.4 Health and well-being, p. 61–62 SR, 06.6 Human resources data, Table HR-8 (Sickness-related absenteeism), p. 127 SR, 06.6 Human resources data, Table HR-8 (Total absenteeism), p. 127	
	Skills for the future	**Training provided**	Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).	SR, 06.6 Human resources data, Table HR-10 (Employee training), p. 128	

06.3 Our commitment to the WEF Stakeholder Capitalism Metrics

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Area	Theme	Core metrics and disclosure	Description	Reference	Additional details
3. People	Skills for the future	**Training provided**	Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	SR, 06.6 Human resources data, Table HR-10 (Employee training), p. 128	
4. Prosperity	Employment and wealth generation	**Absolute number and rate of employment**	1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.	SR, 06.6 Human resources data, Table HR-6 (Employee recruitment), p. 127	
		Absolute number and rate of employment	2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	SR, 06.6 Human resources data, Table HR-5 (Employee turnover), p. 127	
		Economic contribution	1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: Revenues, Operating costs, Employee wages and benefits, Payments to providers of capital, Payments to government, Community investment.		Data regarding this indicator will be first reported in our disclosures covering 2021.
		Economic contribution	2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.		Data regarding this indicator will be first reported in our disclosures covering 2021.
		Financial investment contribution	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.	Disclosure omitted due to limited materiality.	As an insurance company we do not consider this disclosure relevant to properly show our economic performance.
		Financial investment contribution	2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	AR, Outlook 2021, Expected dividend development, p. 76 AR, Consolidated financial statement, Consolidated statement of changes in equity, p. 107 AR, Notes to the consolidated balance sheet, Note 20, p. 148–149	Further details on our dividend policy available on our Investor Relations website.
	Innovation of better products and services	**Total R&D expenses**	Total costs related to research and development.	Disclosure omitted due to limited materiality.	
	Community and social vitality	**Total tax paid**	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	SR, 04.6 Tax transparency, p. 70 SR, 06.7 Additional sustainability performance data, Table TAX-1 (Income taxes by region), p. 129 Tax Transparency Report 2019 Tax Transparency Report 2020	

06.4 ESG performance data

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements

06.2 Our impact on the U.N. Sustainable Development Goals

06.3 Our commitment to the WEF Stakeholder Capitalism Metrics

06.4 ESG performance data

06.5 Environmental performance data

06.6 Human resources performance data

06.7 Additional sustainability performance data

06.8 Reporting parameters, scope and materiality

06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

This section contains data related to the ESG performance of Allianz Group. Data in this section is part of the Sustainability strategy and governance and Sustainability in core business activities sections.

Table ESG–1

ESG referrals and assessments

As of December 31	2020	2019	2018
Insurance	430	474	470
Investments	65	64	52
Procurement	101	58	109
Other	1	6	0
Total	**597**	**602**	**631**

Table ESG–2

ESG referrals and assessments: assessment outcomes

% share of total referrals

As of December 31	2020	2019	2018
Proceed	60.5	53.3	53.2
Proceed with mitigation or additional conditions	31.8	38.7	36.5
Do not proceed	7.7	8.0	10.3

Table ESG–3

ESG referrals and assessments by sensitive business area

As of December 31	2020				2019				2018			
	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	24	15	0	**39**	22	14	1	**37**	9	13	0	**22**
Animal Testing	1	0	0	**1**	1	0	2	**3**	2	0	0	**2**
Animal Welfare	0	0	0	**0**	0	0	0	**0**	3	1	0	**4**
Betting and Gambling	2	1	0	**3**	3	3	0	**6**	6	1	0	**7**
Clinical Trials	16	5	0	**21**	10	11	0	**21**	9	7	0	**16**
Defense	20	16	2	**38**	26	18	2	**46**	26	21	5	**52**
Human Rights	15	14	3	**32**	6	12	4	**22**	4	16	3	**23**
Hydro-Electric Power	10	7	1	**18**	11	7	3	**21**	6	11	1	**18**
Infrastructure	42	20	12	**74**	47	33	9	**89**	45	38	36	**119**
Mining	21	34	12	**67**	19	63	13	**95**	21	61	7	**89**
Nuclear Energy	9	6	0	**15**	2	3	2	**7**	3	0	0	**3**
Oil and Gas	23	41	6	**70**	24	39	4	**67**	19	29	3	**51**
Sex Industry	1	0	0	**1**	1	0	0	**1**	0	0	0	**0**
Procurement Transactions	101	0	0	**101**	58	0	0	**58**	109	0	0	**109**
Other ESG and Reputational Issues	76	31	10	**117**	91	30	8	**129**	74	32	10	**116**
Total	**361**	**190**	**46**	**597**	**321**	**233**	**48**	**602**	**336**	**230**	**65**	**631**

06.4 ESG performance data

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Table ESG–4

Revenues from sustainable solutions[1,2]

€ mn

As of December 31	2020	2019	2018
Sustainable Insurance Solutions	1,382.9	963.9	883.0
Insurance solutions with a sustainability component	439.8	366.8	371.1
Emerging Consumer Solutions	56.2	40.7	26.4
Total	**1,878.9**	**1,371.3**	**1,280.5**

Table ESG–5

Number of sustainable solutions[2]

As of December 31	2020	2019	2018
Sustainable Insurance Solutions	106	109	102
Insurance solutions with a sustainability component	38	39	40
Emerging Consumer Solutions	27	28	16
Sustainable Asset Management Solutions	61	52	33
Total	**232**	**228**	**191**

Table ESG–6

Emerging consumer business[3]

As of December 31		2020	2019	2018
Gross Written Premiums (GWP)	€ mn	452.2	413.9	309.4
thereof from consolidated entities[4]	€ mn	56.1	39.6	26.4
thereof from non-consolidated entities	€ mn	396.1	374.3	283.0
Number of in-force insured people		46,138,372	55,402,075	48,671,930
thereof from consolidated entities[4]		10,077,970	9,971,637	7,072,399
thereof from non-consolidated entities		36,060,402	45,430,438	41,599,531
GWP per customer	€/cust.	9.80	7.47	6.98

1 Our current data collection process does not allow for a complete tracking of revenue data. Revenues included are subject to data availability.
2 Please note that the 2018 and 2019 figures have been restated due to a change in scope.
3 Please note that 2018 and 2019 emerging consumer data has been restated.
4 Please see note 45 to the Consolidated Financial Statements of Allianz Group Annual Report 2020.
5 Please note that the data only includes closed transactions. Signed projects are excluded.

Table ESG–7

Asset Manager Selection

%

As of December 31	2020	2019	2018
Share of asset managers being PRI signatories or having an ESG policy in place	99	99	99

Table ESG–8

Sustainability-themed investments

Proprietary Investments € bn

As of December 31	2020	2019	2018
Renewable energy investments	6.8	7.2	6.8
thereof: Infrastructure equity	3.8	4.3	3.8
thereof: Infrastructure debt	3.0	2.9	3.0
Certified green buildings	18.3	14.6	13.3
thereof: Equity investments	14.8	11.7	10.9
thereof: Debt investments	3.5	2.9	2.4
Green bonds	9.6	5.6	3.6
Sustainability bonds	1.5	1.0	0.4
Social bonds	2.7	0.8	0.8
Impact and blended finance investments	0.2	0.1	0.0
Other	0.2	0.2	0.2
Total	**39.3**	**29.5**	**25.1**

Table ESG–9

Renewable energy investments[5]

As of December 31		2020	2019	2018[2]
Direct ownership[2]		84	82	81
thereof: wind facilities[2]		76	74	73
thereof: solar facilities[2]		8	8	8
Partial ownership		46	50	50
thereof: wind facilities		32	34	34
thereof: solar facilities		14	16	16
U.S. tax equity investments		18	18	15
thereof: wind facilities		17	17	15
thereof: solar facilities		1	1	0
Total number of facilities		**148**	**150**	**146**
Total generating capacity of renewables investments (direct ownership)	GW	2.13	1.95	1.92

06.4 ESG performance data

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Table ESG–10

Divestment from coal-based business models

Proprietary Investments € mn

As of December 31	2020	2019	2018
Cumulative divestment since November 2015			
Fixed income investments to run-off or already disposed	5,983.0	5,942.7	5,706.7
Listed equities divested	347.5	340.5	326.5
Additional divestments			
Additional fixed income investments to run-off	40.3	236.0	906.7
Additional listed equities divested	7.0	14.0	61.5

Table ESG–11

ESG engagement overview

	2020	2019	2018
Number of active engagements	68	49	12
Engagement outcomes			
Engagement closed successfully	3	4	3
Engagement closed with restrictions	8	1	1
Engagement ongoing	57	44	8

Table ESG–12

ESG engagement by region

As of December 31	2020	2019	2018
Europe	17	18	6
Asia Pacific	25	12	2
North America	20	15	3
Emerging Markets	6	4	1

Table ESG–13

ESG engagement by sector

As of December 31	2020
Oil and Gas	36
Metals and Mining	6
Steel and Cement	6
Chemicals	5
Construction and Engineering	8
Other	7

Table ESG–14

ESG engagement topics

As of December 31	2020
CO_2 Emissions and Management	49
Health and Safety (including mining and tailings safety)	17
Toxic Emissions and Waste	8
Product Safety	3
Biodiversity and Land Use	4
Other	9

Table ESG–15

Sustainable investments for third-party assets

Third-Party Assets € bn

As of December 31	2020	2019	2018
Allianz Global Investors	95.4	56.1	40.9
Integrated ESG Strategies[1]	51.0	31.0	26.8
SRI Strategies[2]	42.1	23.3	12.3
Impact Strategies[3]	2.2	1.8	1.8
PIMCO	136.5	101.6	105.9
Total	**231.9**	**157.7**	**146.8**

1 Integrated ESG strategies include material ESG risk concerns into investment analysis and security selection in order to improve risk/return profile with an unconstrained investment universe ('comply or explain') and active stewardship program.

2 SRI strategies are 'best-in-class' strategies that aim at constructing portfolios with superior sustainability credentials in order to generate superior long-term performance.

3 Impact strategies involve investments in order to generate intentional environmental and societal outcomes aligned with SDGs that are measured against specific extra-financial KPIs. Since 2019, the figure also includes newly-created category "SDG-aligned / Sustainability-themed", which selects securities whose business largely contribute to positive environmental and societal change towards one or multiple SDGs.

GRI
302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5

06.5 Environmental performance data

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

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

Data in this section is part of the Trusted Company Chapter.

Table ENV–1

EMS coverage

As of December 31		2020	2019	2018
Share of employees in scope of our environmental management system (EMS)	%	97	95	94

Table ENV–2

Greenhouse gas emissions

As of December 31		2020	2019	2018
Scope 1 – Direct GHG emissions	t CO_2	28,714	42,011	46,734
Scope 2 – Indirect GHG emissions (market based)	t CO_2	100,722	142,563	159,181
Scope 2 – Indirect GHG emissions (location based)	t CO_2	180,826	224,315	239,132
Scope 3 – Other indirect GHG emissions	t CO_2	73,916	149,459	167,533
Scope 1-3 GHG emissions total	**t CO_2**	**203,352**	**334,033**	**373,448**
Total GHG Emissions per employee	t/empl	1.4	2.4	2.7
Overall GHG reduction per employee since 2010 Target -30% by 2020	%	-62	-35	-27

Table ENV–3

Energy consumption[1]

As of December 31		2020	2019	2018
Energy consumption from our office buildings	GJ	1,802,755	2,156,963	2,240,060
Energy consumption from our data centers	GJ	317,533	379,351	396,338
Total energy consumption	**GJ**	**2,120,288**	**2,536,314**	**2,636,398**
Energy consumption from office buildings per employee	GJ/empl	12.2	15.3	16.1
Energy reduction from office buildings per employee Target -30% by 2020	%	-50	-37	-34

Table ENV–4

Energy sources

As of December 31		2020	2019	2018
Electricity	%	70.2	70.7	72.2
Fossil fuels	%	11.0	14.0	14.1
Long-distance heating	%	17.6	14.9	13.5
Other sources (incl. energy from own sources including photovoltaic, internal waste heat)	%	1.2	0.3	0.2

Table ENV–5

Renewable electricity

As of December 31		2020	2019	2018
Renewable electricity	GJ	854,762	872,929	859,862
Renewable electricity as a share of all electricity sources Target 100% by 2023	%	57	49	45

1 We are in the process of consolidating our global data center real estate. The reported energy consumption relates to our strategic data centers in Europe, the U.S. and Singapore. Up to the end of this consolidation program, the energy consumption from some local data centers will be included in the energy consumption reported for office buildings.

06.5 Environmental performance data

GRI
301-1, 301-2, 303-1, 303-5, 306-2

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Table ENV–6

Business travel

As of December 31		2020	2019	2018
Total travel	km	356,560,721	918,693,524	941,564,230
Road travel (incl. rental, fleet, and private cars)	%	61.5	34.8	38.3
Air travel	%	31.4	54.8	53.9
Rail travel	%	7.1	10.3	7.9
Travel per employee	km/empl	2,421	6,509	6,749

Table ENV–7

Water consumption

As of December 31		2020	2019	2018
Total water consumption	m^3	1,592,564	1,883,352	1,830,782
Drinking water	%	93.4	91.1	87.6
Rain water	%	0.4	0.4	0.4
Natural water	%	6.3	8.6	12.0
Water consumption per employee	m^3/empl	11	13	13

Table ENV–8

Waste

As of December 31		2020	2019	2018
Total waste	t	14,395	19,396	19,575
Waste Incinerated	%	36.2	39.8	40.3
Waste Recycled	%	45.6	40.5	39.9
Waste to Landfills	%	18.0	19.6	19.8
Special Waste Treatment	%	0.2	0.1	0.1
Waste per employee	t/empl	98	137	140

Table ENV–9

Paper consumption[1]

As of December 31		2020	2019[1]	2018
Total paper consumption	t	10,139	10,859	12,332
Recycled Paper	%	41	41	40
FSC-labeled paper	%	60	60	50
Paper consumption per policy	g/policies	70	81	96
Paper reduction since 2014 Target -40% by 2020	%	-57	-50	-41

1 Please note that total paper consumption for 2019 has been restated.

06.6 Human resources performance data

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
05 Allianz's climate-related financial disclosure
06 Data and performance
06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

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

Data in this section is part of the Sustainability in operations (Human resources) section. All data is based on core business unless otherwise noted.

Table HR–1

Employee overview

As of December 31		2020	2019	2018
Total number of employees (core business)[1]		148,929	143,642	142,327
thereof: men	%	48.7	48.7	48.8
thereof: women	%	51.3	51.3	51.2
Total number of employees (core and non-core)		150,269	147,268	142,460

Table HR–2

Employees by region[2]

As of December 31	2020	2019	2018
Australia	5,668	5,470	5,294
Austria	3,105	3,088	3,213
Brazil	4,291	2,720	3,269
France	13,538	13,888	14,467
Germany	39,768	38,412	38,089
India	7,862	6,845	5,969
Italy	6,087	6,289	6,356
Spain	4,308	4,488	4,376
United Kingdom	10,936	9,956	6,540
United States	7,802	8,329	8,112
Other	46,904	47,783	46,775
Total	**150,269**	**147,268**	**142,460**

Table HR–3

Employment relationships

As of December 31		2020	2019	2018
Full-time employees[3]		124,937	120,557	120,167
	%	86.9	86.8	87.3
thereof: male		67,103	64,948	64,313
	%	53.7	53.9	53.5
thereof: female		57,834	55,609	55,854
	%	46.3	46.1	46.5
Part-time employees[3]		18,768	18,376	17,521
	%	13.1	13.2	12.7
thereof: male		3,961	3,822	3,877
	%	21.1	20.8	22.1
thereof: female		14,807	14,554	13,644
	%	78.9	79.2	77.9
Trainee ratio[4]	%	2.1	2.3	2.5

As of December 31		2020	2019	2018
Permanent employees[5]		138,974	132,682	131,198
	%	93.3	92.4	92.2
thereof: male	%	49.1	49.2	
thereof: female	%	50.9	50.8	
Temporary employees[5]		9,955	10,960	11,129
	%	6.7	7.6	7.8
thereof: male	%	42.5	43.0	
thereof: female	%	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 Total number of employees with an employment contract of all affiliated companies (core and non-core business).

3 Based on active headcount.

4 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).

5 Data collection for gender breakdown started in reporting year 2019.

06.6 Human resources performance data

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Table HR–3 continued

Employment relationships

As of December 31	2020	2019	2018
Permanent employees	138,974	132,682	131,198
Asia Pacific	17,923	17,036	15,951
Eastern Europe	7,897	8,223	8,877
Germany	41,821	40,027	38,970
Middle East & Africa	4,336	4,659	3,567
North America	8,451	8,702	8,543
Rest of Western Europe	54,579	51,588	52,796
South America	3,967	2,447	2,494
Temporary employees	9,955	10,960	11,129
Asia Pacific	1,668	1,652	1,480
Eastern Europe	417	526	526
Germany	3,241	3,174	3,163
Middle East & Africa	1,375	1,393	1,288
North America	44	37	38
Rest of Western Europe	3,172	4,123	4,595
South America	38	55	39

Table HR–4

Age structure

% of total employees (core business)

As of December 31		2020	2019	2018
All employees				
% of 24 or under		6.3	7.0	7.2
% of 25-34		28.8	28.1	28.0
% of 35-44		27.5	27.0	26.9
% of 45-54		23.6	24.0	24.4
% of 55-64		13.1	13.3	12.9
% of 65 or over		0.7	0.6	0.6
Average age	years	40.6	40.6	40.6
Allianz SE Board of Management[1]				
% of below 30		0.0	0.0	
% of 30-50		30.0	30.0	
% of above 50		70.0	70.0	

1 Data disclosed since 2019.

06.6 Human resources performance data

01
Introduction

02
Sustainability strategy and governance

03
Sustainability in our core business activities

04
Sustainability in our organization

05
Allianz's climate-related financial disclosure

06
Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Table HR–5

Employee turnover

%

As of December 31	2020	2019	2018
Employee turnover rate	12.9	16.5	16.6
Turnover rate (men)	12.7	16.3	15.8
Turnover rate (women)	12.9	16.4	16.9
Turnover rate by region			
Asia Pacific	18.5	24.2	26.7
Eastern Europe	15.6	19.9	21.9
Germany	6.4	7.8	7.4
Middle East & Africa	21.9	26.6	24.7
North America	13.4	13.3	12.0
Rest of Europe	14.5	19.5	19.4
South America	13.9	15.8	23.3

Table HR–6

Employee recruitment

As of December 31		2020	2019	2018
Total recruitment (external and internal)		19,564	24,829	24,702
Total recruitment (share of men)	%	49.6	49.7	48.4
Total recruitment (share of women)	%	50.4	50.3	51.6
Total recruitment by region				
Asia Pacific	%	23.0	28.7	29.6
Eastern Europe	%	10.4	12.7	15.0
Germany	%	10.9	10.0	8.9
Middle East & Africa	%	18.1	33.0	37.0
North America	%	11.1	15.4	15.4
Rest of Europe	%	12.4	19.1	20.2
South America	%	6.0	14.4	13.4

Table HR–7

Diversity

As of December 31		2020	2019	2018
Women in Allianz SE Supervisory Board[1]	%	33.3	n/a	n/a
Women in Allianz SE Board of Management[2]	%	20.0	20.0	n/a
Women in executive positions[3]	%	30.4	29.9	28.9
Female managers[4]	%	38.2	37.9	37.8
Women in talent pools	%	42.3	40.2	40.6
Share of women in core business	%	51.3	51.3	51.2
Number of nationalities represented in executive positions[5]		59	64	54

Table HR–8

Sickness-related absenteeism

average days per employee

As of December 31	2020	2019	2018
Overall average	6.9	8.1	8.4
Average days by region			
Asia Pacific	3.0	3.9	4.0
Germany	9.6	11.5	12.3
Middle East and Africa	2.5	3.6	3.2
Eastern Europe	5.8	6.8	7.0
North America	1.3	2.0	1.9
South America	2.2	3.0	3.1
Rest of Europe	7.8	8.6	8.6

Table HR–9

Total absenteeism

As of December 31		2020	2019	2018
Total absenteeism lost days		981,093	1,110,895	1,134,910
Absenteeism – coverage of employees (core business)	%	100	100	100

1 Data disclosed since 2020.
2 Data disclosed since 2019.
3 Includes women in all executive positions below the Board of Management.
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.

06.6 Human resources performance data

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements

06.2 Our impact on the U.N. Sustainable Development Goals

06.3 Our commitment to the WEF Stakeholder Capitalism Metrics

06.4 ESG performance data

06.5 Environmental performance data

06.6 Human resources performance data

06.7 Additional sustainability performance data

06.8 Reporting parameters, scope and materiality

06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Table HR–10

Employee training

As of December 31		2020	2019	2018
Total expenses for employee training	€ mn	63.1	84.7	87.7
Training expenses per employee	€	442	613	646
Average training days per employee	days	2.7	3.3	3.0
Staff	days	2.7	3.2	3.0
Managers	days	2.8	3.4	3.1
Employees undergoing at least one training session	%	78.8	75.2	69.9
Staff	%	78.0	73.5	68.6
Managers	%	83.7	84.8	78.5

Table HR–11

Allianz engagement survey

		2020	2019	2018
Number of employees invited to participate in the Allianz Engagement Survey (AES)		132,593	123,505	121,913
Number of OEs invited to participate in the AES		67	62	56
AES Participation rate	%	85	84	81
Work Well Index+ (WWi+)	%	70	66	64
Employee Engagement Index	%	78	72	70
Inclusive Meritocracy Index (IMIX)	%	78	73	71

06.7 Additional sustainability performance data

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

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

Data in this section is part of the Trusted Company and Corporate Citizenship Chapters.

Table TAX–1

Income taxes by region

€ mn

As of December 31	2020	2019	2018
Americas	434	414	513
Asia Pacific	169	204	190
Europe	1,842	2,138	1,976
Other	26	20	17
Total	**2,471**	**2,776**	**2,696**

Table CC–1

Corporate charitable donations[1]

€ mn

As of December 31		2020	2019	2018
Corporate Giving Total (Cash contributions)	€ mn	50.3	24.2	25.8

Table CS–1

Customer satisfaction

%

As of December 31		2020	2019	2018
Net Promoter Score (NPS) greater than local market average or loyalty leadership in their market	%	79	70	74
Net Promoter Score (NPS) loyalty leadership in their market	%	60	46	40

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

GRI
102-40, 102-42, 102-43, 102-44, 102-46, 102-54

06.8 Reporting parameters, scope and materiality

01 Introduction

02 Sustainability strategy and governance

03 Sustainability in our core business activities

04 Sustainability in our organization

05 Allianz's climate-related financial disclosure

06 Data and performance

06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

Reflecting our ambition of being the most trusted financial institution, we reflect our values of integrity, competence and resilience in our reporting. We continue with our focus on reporting online, cross-linking to the sustainability section of our website, the People Fact Book, the Tax Transparency Report, and our Annual Report, offering further extra financial information.

Content of the report is focused on the key requirements of our stakeholders and sustainability rating and benchmarking providers. The primary target audience of the content of this report are rating providers, analysts, investors and NGOs. Furthermore, this report contains key insights for our other stakeholder groups such as customers and employees. This report makes links to other documents, disclosing our approach and reporting on our progress.

Our Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards – core option.

Our GRI Content Index, available as an appendix to this report, is accessible through our website.

Material topics and aspects

The key topics to be included in Allianz's Sustainability Report were shaped by our 2019 materiality analysis, which satisfies the GRI Principles for Defining Report content (sustainability context, materiality, completeness, and stakeholder inclusiveness). To ensure alignment with GRI Standards, we mapped the outcomes of our stakeholder consultation and materiality assessment with our solutions to the GRI Standards topics. Based on the material issues identified by our materiality analysis, we have mapped the issues to GRI disclosures and identified the upstream and downstream boundaries (see disclosure 103-1 for each material topic in the GRI Content Index).

Detailed references to our approach to each of these disclosures can be found in the GRI Content Index.

GRI standards disclosures and topics	Material topic[1]	Level of materiality for stakeholders and/or report users
GRI 102 (General Disclosures)	Materiality processes	•••
	Ethics	••
	Sustainable and responsible supply chains	•
	CR strategy, approach and governance	•••
	Sustainability data, KPIs and targets	•••
GRI 205 (Anti-corruption) **GRI 206 (Anti-competitive Behavior)**	Ethics	••
GRI 301 (Materials) **GRI 302 (Energy)** **GRI 303 (Water and Effluents)** **GRI 305 (Emissions)**	Environment (including environmental management and renewables)	••••
GRI 401 (Employment)	Responsible treatment/engagement employees	•••
	Employees and workplace	•••
GRI 404 (Training and Education)	Employees and workplace	•••
GRI 405 (Diversity and Equal Opportunity)	Employees and workplace	•••
	Diversity and equal opportunities	••
GRI 412 (Human Rights Assessment)	Human rights	•••
	Environmental and social products (integrating ESG in insurance and investments)	••••
GRI 415 (Public Policy)	Public policy positions and engagement	•
	Social and political unrest	••
GRI 417 (Marketing and Labeling)	Customer satisfaction	••
GRI 418 (Customer Privacy)	Data Privacy	••

1 Based on the outcomes of our strategic and reporting materiality analyzes.

06.8 Reporting parameters, scope and materiality

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
05 Allianz's climate-related financial disclosure
06 Data and performance
06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

In addition to our strategic materiality assessment, we furthermore include topics of interest to our main audiences as determined through our reporting content assessment. The level of materiality score is based on the underlying data of the respective assessments.

Scope of reporting

Our Sustainability Report 2020 relates to the entire Allianz Group. All measures, activities and key figures refer to the 2020 fiscal year (01 January 2020 to 31 December 2020), unless otherwise stated. This is our 20th annual Sustainability Report. Unless otherwise stated, we take operational control as the boundary for reporting. An increasing number of Allianz subsidiaries now publish their own sustainability reports, which are available for download on our website and/or local Allianz websites.

In addition to the material topics matched to the GRI topics, we have identified and reported on the following topics in the report.

Additional disclosures and topics	Material topic[1]	Reference	Level of materiality for stakeholders and/or report users
Core Business	Customer innovation	SR 04.4	•••
	Natural disasters	SR 03.1.3 SR 05	•••
	Cyber risks	SR 03.1.4	••
	Safety risks	SR 01.2 SR 02.4 SR 03.1.5	••
	Tackling safety issues for our customers	SR 01.2 SR 02.4 SR 03.1.5	••
	Demographic change	AR 2019, p. 66; 77	•
	Health	SR 04.1.4	•
Customer Satisfaction	Customer innovation	SR 04.4	•••
	Ensuring fair treatment of claims and customers	SR 04.5	••
ESG Opportunities Management	Climate change	SR 02.2 SR 03 SR 04.7 SR 05	••••
	Environmental and social products (sustainable insurance and asset management products; sustainable and responsible investing)	SR 03.4	••••
	Natural catastrophes and disaster response	SR 03.1.3	••
ESG Risk Management	Climate change	SR 02.2 SR 03 SR 04.7 SR 05	••••
	Environmental and social products (integrating ESG in insurance and investments)	SR 03.4	••••
	Human rights	SR 02.4 SR 02.8 SR 04.1	•••
	Natural catastrophes and disaster response	SR 03.1.3	••
	Animal welfare standards	SR 02.4	•

1 Based on the outcomes of our strategic and reporting materiality analyzes.

06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

01 Introduction
02 Sustainability strategy and governance
03 Sustainability in our core business activities
04 Sustainability in our organization
05 Allianz's climate-related financial disclosure
06 Data and performance
06.1 Our targets and achievements
Climate integration and environmental management continued
Societal impact
Business integration
Other sustainability-related targets and achievements
06.2 Our impact on the U.N. Sustainable Development Goals
06.3 Our commitment to the WEF Stakeholder Capitalism Metrics
06.4 ESG performance data
06.5 Environmental performance data
06.6 Human resources performance data
06.7 Additional sustainability performance data
06.8 Reporting parameters, scope and materiality
06.9 Independent practitioner's report on a limited assurance engagement on sustainability information

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 2020 (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.

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 2020 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.

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 2020 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 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink **ppa. Nico Irrgang**
Wirtschaftsprüfer
(German Public Auditor)

Imprint

Copyright © Allianz SE 2021

Publisher

Allianz SE
Group Accounting and Reporting
Global Sustainability
Königinstraße 28
80802 Munich
Germany

www.allianz.com
sustainability@allianz.com

Project responsibility

Nico Ahn
Global Sustainability
Allianz SE

Design, concept and production

Radley Yeldar, London, U.K.
ry.com

We would like to thank all our colleagues and partners who have supported and contributed to the creation of this report.

Date of publication: 29 April 2021

Photo credits

Allianz internal images
Unsplash
Getty Images

Net Promoter Score®

"Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld. Net Promoter Score® and Net Promoter System® are service marks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld."

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

Click here to view the GRI Content Index.
Click here to view the Explanatory Notes.

We also publish our Sustainability Fact Book outlining the key points of our strategy and achievements. The brochure is also available in multiple languages.

For more information on key Human Resources facts and figures, achievements in 2020 and an outlook for 2021, see the Allianz People Fact Book 2020.

For more information on Allianz Group, see the Annual Report 2020.

Allianz SE
Königinstraße 28
80802 Munich
Germany

www.allianz.com/sustainability