We are submitting on behalf of Allianz Insurance Group, the sections of our Allianz Group Sustainability Report 2023 which are mapped to the TCFD Requirements.

Enclosed are:

Section 03.3 TCFD Requirements Mapping (p. 80);

- Section 01.6 Our Sustainability Governance (pp. 17-19), and
- Chapter 3 Climate Change Related Disclosure (pp. 45-79) of the Allianz Group Sustainability Report 2023 in accordance with the European Sustainability Reporting Standards (ESRS) - E1 *Climate Change* standard, the NAIC Climate Risk Disclosure Survey (CRDS) and the Task Force on Climate-Related Financial Disclosures (TCFD) guidance.

Allianz has submitted responses to the Climate Risk Disclosure Survey(CRDS) each year since it was first adopted in 2010. For fiscal years 2021 and 2022, we submitted our TCFD-aligned reporting in response to the CRDS. For fiscal year 2023, Allianz is reporting in line with the ESRS - E1 *Climate Change* standard. The International Financial Reporting Standards Foundation (IFRS) has integrated TCFD guidance with the latest International Sustainability Standards Board (ISSB) standards and worked with the European Financial Reporting Advisory Group to enhance interoperability with the ESRS. We encourage all regulators to continue to work towards reducing complexity, fragmentation and duplication for global companies committed to climate risk disclosure – which in turn will help advance transparency, comparability and accountability.

If Regulators would want to access and review the full web version of our Sustainability Report 2023 for additional climate change -related content, the full report and links to other relevant publications (including our Sustainability Integration Framework, Net Zero Transition Plan, Allianz Investment Management Engagement Approach, Sustainable Procurement Charter, Non-Financial Reporting incorporated in the Allianz Group Annual Report, etc.) is available at:

Allianz Sustanability Report & Other Publications

03.3 TCFD requirements mapping

TCFD requirements mapping

TCFD recommendation	Respective SR23 section
1a) **Governance**: board oversight	01.6 Our sustainability governance
1b) **Governance**: management oversight	01.6 Our sustainability governance
2a) **Strategy**: climate risks and opportunities identified over short/mid/long time horizon	03.1.8 Climate-related risks
2b) **Strategy**: impact of climate risks and opportunities on business, strategy and financial planning	03.1.8 Climate-related opportunities
	03.1.8 Climate-related risks
2c) **Strategy**: Resilience of strategy under climate scenarios	03.1.8 Climate-related risks
3a) **Risk management**: Processes for identifying and assessing climate risks	03.1.8 Climate-related risks
3b) **Risk management**: Processes for managing climate risks	03.1.8 Climate-related risks
3c) **Risk management**: How are these processes integrated in overall risk management	03.1.8 Climate-related risks
4a) **Metrics & Targets**: Metrics used to assess climate risks & opportunities	03.1.4 (P&C Insurance)
	03.1.5 (Investments)
	03.1.6 (Own Operations)
	03.1.8 Climate-related risks
4b) **Metrics & Targets**: Carbon footprint scope 1+2+3	03.1.4 (P&C Insurance)
	03.1.5 (Investments)
	03.1.6 (Own Operations)
4**c) Metrics & Targets**: Targets used to manage climate R&O's and performance against targets	03.1.4 (P&C Insurance)
	03.1.5 (Investments)
	03.1.6 (Own Operations)

01.6 Our sustainability governance

We are dedicated to clear and transparent governance principles. This includes our governance of sustainability matters as we work to embed and deliver sustainability objectives across our global business and organization.

Allianz aims to fully integrate sustainability across the Group.

01.6.1 Key bodies involved in sustainability governance

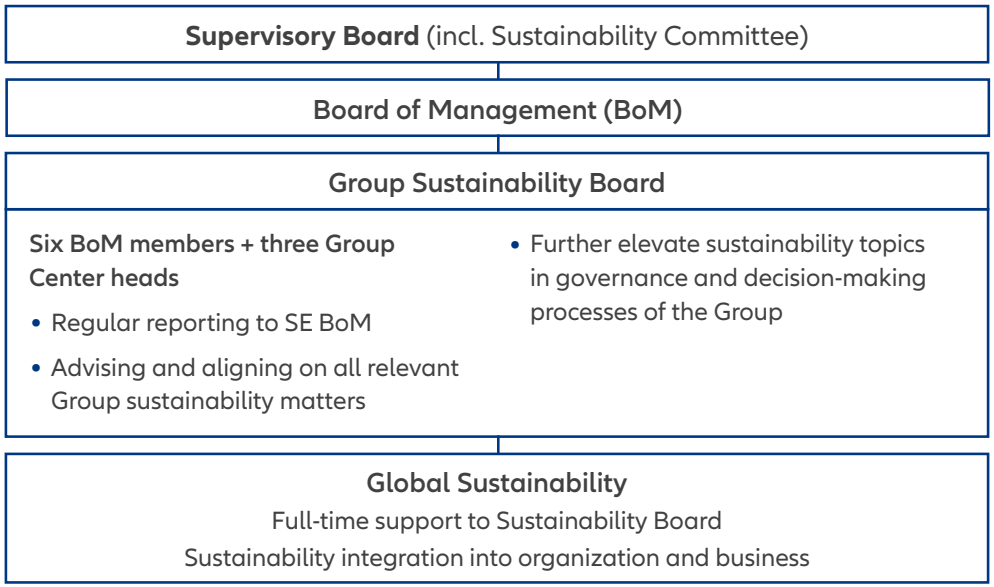
Ultimate responsibility for matters relating to sustainability resides with the Board of Management of Allianz SE as the Group's parent company.

Group Sustainability Board

To support the Board of Management in its role as ultimate decision-maker, Allianz Group established a dedicated Group Sustainability Board. It comprises of members of the Board of Management of Allianz SE and Group Center heads and meets quarterly.

Core responsibilities of the Group Sustainability Board:

- Suggesting strategic ambitions and developing proposals for sustainability-related targets relating to sustainability performance management within Allianz Group.
- Developing recommendations for Allianz's positioning and viewpoints on critical sustainability-related topics.
- Regularly informing and advising the Allianz SE Board of Management on sustainability-related topics and activities.
- Striving to embed sustainability-related matters in the strategy, activities and targets of Group Centers and operating entities.
- Aligning on sustainability-related internal and external communication, including reviewing the Group's approach to rating and reporting.
- Monitoring progress towards implementing and executing sustainability-related strategic ambitions.



01.6 Our sustainability governance

Allianz SE Supervisory Board: Sustainability Committee

The Supervisory Board of Allianz SE established a Sustainability Committee in 2021. Its core objectives include:

- Advising the Supervisory Board on sustainability-related matters to support economically sound and sustainable development and positioning of Allianz Group.
- Closely monitoring and supporting oversight of the Management Board's sustainability strategy, in particular the management and execution of the strategic framework for Group-wide sustainability measures.
- Preliminary examination of sustainability-related statements in the Group's non-financial statement in the Annual Report and the Sustainability Report, including the Group's tax transparency information as part of the Supervisory Board's review.
- Supporting the Personnel Committee in the preparation of the sustainability-related target setting, as well as reviewing fulfilment of these targets for the Management Board's remuneration.

In 2023, the Sustainability Committee prepared the recommendation of the sustainability-related targets for the members of the Board of Management of Allianz SE, reviewed the respective achievements of the Board of Management and gave its recommendation to the Personnel Committee of the Supervisory Board. The Sustainability Committee was informed on the sustainability strategy and provided advice and guidance on critical matters.

Global Sustainability

Since 1 January 2021, responsibility for Allianz's sustainability agenda has been led by the Group Center Global Sustainability.

The function is headed by the Chief Sustainability Officer (CSO) who reports to the Chairperson of the Group Sustainability Board.

The Group Center Global Sustainability supports the Group Sustainability Board in the execution of its responsibilities.

Core objectives of the Group Sustainability function:

- Preparing the overall Board sustainability framework for Allianz Group.
- Integrating sustainability into the Group's processes; into Allianz as an organization (operations and wider organization); and Allianz's business (investment, insurance and asset management).
- Overseeing and steering overarching sustainability matters, such as topics concerning climate, social strategy and governance.

The Group Center Global Sustainability supports Allianz's Group Centers and operating entities to effectively integrate the Group's sustainability strategy into their business processes and policy framework.

The Group Center Global Sustainability drives the integration of sustainability-related matters across the organization and business to ensure Allianz plays a shaping role in the societies and economies in which it operates.

All other Group Centers take responsibility for sustainability within their functions, with the aim of embedding sustainability across Allianz's organization and business.

Both the Group Center Global Sustainability and all other Group Centers work with an extensive network of sustainability and business experts located across Allianz's operating entities globally. They provide guidance and set standards to ensure they embed sustainability in their strategies and approaches. This network supports implementation of a Group-wide sustainability approach, the sharing of best practice and helps to scale positive impacts across the organization.

Several Group Committees play an important role in Allianz's decision-making processes to embed Sustainability.

Operating Entities have established a local sustainability governance with minimum two structures in place, a Sustainability lead and a Member of the Board responsible for Sustainability.

› **For more details on our sustainability governance please see chapter 06.4.**

01.6 Our sustainability governance

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

In 2023 and for 2024, the targets for the Board of Management have been further developed to reflect sustainability priorities. The table below describes the targets in more detail. Minor wording changes were applied, compared to the publications from last year, for consistency with the Allianz SE Board Member target letters. The underlying targets remain unchanged compared to last year.

Our Targets		Board Targets 2023	Board Targets 2024	More details in the chapter of the Annual Report
Overarching		Achieve strong sustainability position (top performance in DJSI, MSCI)	Achieve strong sustainability position (top performance in DJSI, MSCI)	Corporate sustainability governance and strategy
		Ensure sustainable solutions in proprietary investments and products	Ensure sustainable solutions in proprietary investments and products	Environmental matters and E.U. Taxonomy Regulation
		Define positioning on Social in line with Allianz purpose focusing on Sustainable Development Goal 8 (SDG 8)	n.a.	Social matters
Environmental	**Decarbonization**	50 % reduction of GHG (greenhouse gas) emissions per employee from Operations by 2023 (vs 2019) and 100 % renewable electricity (RE) as share of total electricity consumption in 2023	Follow through on the transition plan to reach the net-zero commitments from our business and operations	Environmental matters
		Follow through on net-zero ambition, in particular in line with our Net-Zero Alliances commitments		Environmental matters
Social	**Customer Loyalty**	Digital Net Promoter Score (dNPS) development against previous year and overall ambition level	Digital Net Promoter Score (dNPS) development against previous year and overall ambition level	Responsible consumer/sales
	Employee Engagement	Inclusive Meritocracy Index (IMIX) and Work Well Index+ (WWI +) development against previous year and overall ambition level	Inclusive Meritocracy Index (IMIX) and Work Well Index+ (WWI +) development against previous year and overall ambition level	Employee matters
	Employability & Lifelong Learning	n.a.	Ensure Lifelong Learning	Employee matters
Governance		Leadership Contribution with particular focus on Allianz People Attributes (Customer & Market Excellence, Collaborative Leadership, Entrepreneurship and Trust)	Leadership Contribution with particular focus on Allianz People Attributes (Customer & Market Excellence, Collaborative Leadership, Entrepreneurship and Trust)	Employee matters

03 Climate change related disclosure

This chapter contains content from our Non-Financial Statement from the CSRD convergence to ESRS E1 Climate Change.

Focus is on the climate transition plan with specific targets for reducing emissions in our proprietary investments, P&C underwriting and own operations.

03.1 Environmental matters

Non-Financial Statement

03.1.1 The net-zero challenge

Human-made climate change, one of the greatest global challenges of our time, has already caused far-reaching negative consequences and losses for nature and people. Various human and natural systems are being stressed beyond the limits of their adaptive capacity. Therefore, irreversible damage has already started to occur.

In order to mitigate these developments, the 2015 Paris Agreement set the goal of limiting global warming to a maximum of 1.5 °C by the end of the century. This has resulted in a fixed greenhouse gas emissions (GHG) budget; i.e., an upper limit for global emissions that may still be released. Based on modelled emission pathways from the Intergovernmental Panel on Climate Change (IPCC) **6th Assessment Report**, emissions need to be almost halved every decade to restrict warming to 1.5 °C with limited or no overshoot, with a 50 % probability of success. This would allow carbon (CO_2) emissions to reach net-zero by 2050, meaning that residual emissions would be balanced by atmospheric carbon removal. Climate scientists estimate that halting GHG emissions on a net level would subsequently put a stop to further warming.

In 2022, however, annual energy-related carbon emissions reached a record level of 37 billion tons according to the **International Energy Agency**. If current trends continue, the GHG budget will be exceeded way before 2030 and the target of 1.5 °C will be overshot significantly. This increases the need for an even more rapid transition later on, as well as the use of atmospheric carbon removal – i.e., negative emission solutions – to bring warming back to 1.5 °C by the end of this century. **Recent research** has shown this is still possible but requires urgent action by companies and policymakers alike.

03.1.2 Transition plan & strategy

Our approach to climate change is grounded in the Allianz Group Climate Change Strategy. First published in 2005, it steers our response to climate-related impacts, risks, and opportunities in our insurance and investment business. Since 2015, the Climate Change Strategy has been built around our efforts to anticipate climate risks, care for our customers, and enable the net-zero transition.

Since 2018, our Climate Change Strategy has committed us to contribute to pursuing efforts that limit global warming to 1.5 °C by the end of the century. To anticipate and enable this transition, Allianz has committed to net-zero greenhouse gases (GHG) for our proprietary investments, Property-Casualty insurance, and our own operations. In September 2023, we published our **Inaugural Net-Zero Transition Plan**, which describes our intermediary targets for 2030 and key actions to achieve them. This approach builds on the previously released 2025 emissions targets for proprietary investments and own operations.

Our priorities include quantitative emission targets, strategic growth of financing and insuring of low-carbon technologies that support net-zero, targeted restrictions for fossil fuel-based business models to manage transition risks, and a systemic approach to investee engagement and policy advocacy, supported by climate action in our own operations.

These elements, which address the impacts, risks, and opportunities of climate change, are explained in more detail in the subsequent sections on insurance, investments, own operations, and risks. Our ambition is to be a trusted partner for our customers and investee companies across different sectors in their transition toward net-zero.

Since the net-zero transition is a systemic issue, it requires a whole¬of-society response. Therefore, we are also seeking to join forces with other stakeholders. Our approach on the investment side builds on the work of the U.N.-convened Net-Zero Asset Owner Alliance, which Allianz co-founded and currently chairs. Furthermore, we encourage companies to implement net-zero strategies via our participation in The B Team, Climate Action 100+, the Transition Pathway Initiative, and the Principles for Responsible Investment.

› **For further information and a full list of sustainability related memberships, please refer to the section Stakeholder engagement.**

Climate-related opportunities

Our materiality analysis under CSRD found climate-related opportunities to be material for the Property-Casualty

03.1 Environmental matters

Non-Financial Statement continued

insurance and proprietary investments. Our business strategy and our net-zero transition plan aim to systematically leverage opportunities to finance and insure a low-carbon and climate-resilient future, e.g., by investing in renewable energy, energy efficiency in real estate, and electric vehicle infrastructure.

We have strategically insured and invested in low-carbon assets for over a decade. With our 2023 Inaugural Net-Zero Transition Plan, we have also set quantitative targets for investing and insuring solutions that are needed in the net-zero transition. Our Sustainable Solutions program provides products and services that aim to create positive impacts with our (re)insurance activities and investments. Growing sustainable solutions is among the topics included in the annual financial planning processes of our operating entities, in order to systematically identify growth and profitability potential.

> **For further information on sustainable solutions, please refer to the Remuneration Report.**

We believe our intermediate climate targets will help us realize growth potential. For commercial insurance in particular, our transition plan includes a target to achieve 150 % profitable growth in revenues from renewable energy and low-carbon technology solutions by 2030.

Climate policy dialogue

We can achieve our targets only jointly with public policy and the real economy, as the necessary changes require broad support. For instance, sufficient frameworks and market incentives are required to bring down demand for emission-intensive products and to allocate capital in line with a 1.5 °C trajectory. The private sector, including insurers, can play an important role in raising awareness and making the business case for getting on track to limit global warming. To that end, we also work with policymakers and regulators to support sustainable financing and achieve the goals laid down in the Paris Agreement. We are advocating for global effective climate policy which should achieve the following:

- Embedding "net-zero by 2050" in short and long-term governmental climate targets, climate strategies, and emissions reduction plans, following the latest climate science in line with pathways of no or low overshoot of a 1.5 °C temperature rise.
- Developing sector policies to promote a swift and socially fair transition, including the development of more granular short-, medium- and long-term net-zero infrastructure plans.
- Implementing stringent carbon pricing to internalize the external costs of pollution, including a phase-out of direct and indirect fossil fuel subsidies.
- Protecting nature and supporting regenerative forestry and agriculture. Supporting and redirecting fossil fuel-related subsidies to scale up new technologies that will provide solutions in hard-to-abate sectors, e.g., carbon capture and storage, and green hydrogen.
- Promoting mandatory assured climate disclosure, including transition plans, GHG emissions, associated reduction targets, and alignment with 1.5 °C trajectories, ideally aligned internationally.
- Ensuring sustainable finance regulation that provides a defined, science-based, and reliable framework via a common taxonomy of sustainability, clarification of asset managers' duties, inclusion of sustainability in prudential regulation, and enhanced transparency of corporate reporting.

1.5 °C alignment of targets

Our emission targets are aligned with credible, science-backed climate scenarios – such as those provided by the IPCC[1] – that limit global warming in 2100 to 1.5 °C with only a limited or no overshoot of this temperature during this century. While the individual scenarios differ in their assumptions and narratives, they agree on a necessary emission reduction range for CO_2 emissions of 36 % to 69 % from 2020 to 2030, with a median reduction of 48 %.[2] All our existing sub-portfolio targets with a global focus are in line with this. For our motor retail portfolio, the targeted reductions, which apply to nine European markets, are aligned with respective net-zero pathways.[3]

1 6th Assessment Report. Further scenarios used include the IEA's Net-Zero by 2050 and the One Earth Climate Model.
2 For GHG emissions, the range is 34 to 60, with a median of 43.
3 Target applies to the most relevant markets for Allianz, where adequate and reliable data is available.

03.1 Environmental matters

Non-Financial Statement continued

Our target year 2030 is defined as year-end 2029. Our base years for the 2030 targets in proprietary investments and operations continue to be the base year 2019 (building on existing 2025 targets). This also allows us to filter out the temporary effects of the COVID-19 pandemic. The approach taken for our P&C insurance targets was to focus on the most recent year for which data was available, this being 2022.

Decarbonization levers

For our portfolio targets, there are generally two levers for decarbonization, that is reducing GHG emissions: either our portfolio companies – i.e., the customers we insure or the companies we invest in – reduce their GHG emissions, or we change the composition of our portfolio over time.

The former relies directly on GHG emission reductions in the real economy, which is not under our control. The latter can also occur naturally as part of typical insurance and investment business cycles in different lines of business, sectors, and individual customers, and is generally more under our control.

We aim to achieve GHG emission reductions through actions such as engaging customers, increasing exposures to lower-carbon business, and setting targets for lower-carbon technologies, as well as reducing our exposure to defined fossil-fuel business such as thermal coal. For our own operational GHG emissions, the main levers for reduction are Electricity, Buildings as well as Fleet, Business Travel, and Procurement. These elements are described in more detail in the following sections.

We apply both absolute and intensity GHG emission targets. Absolute GHG emissions refer to an absolute amount of GHG emissions associated with the respective business activity such as investing or insuring; absolute GHG emission targets seek to reduce the absolute amount of GHG emissions. GHG emission intensity and associated targets, on the other hand, harmonize the GHG emissions through a denominator that relates to a business activity. For example, GHG emissions per million invested or per million of premium.

Property-Casualty insurance

The GHG emissions associated with our commercial portfolio will be reduced as we continue the planned implementation of our underwriting guidelines for coal as well as for oil and gas in line with announced thresholds and timelines. Our portfolio will also change as we continue to expand our risk appetite in the segment of renewable energy, low-carbon, and transition technologies. We will also benefit from GHG emission reductions in the real economy that our corporate customers pursue as part of their own net-zero strategies as required by governments, investors, and other stakeholders, and in addition, enabled by us as an insurer. A supportive policy environment is crucial here and is an important lever both for the net-zero transition in the global economy and for our target achievement.

The GHG emissions associated with our motor retail portfolio are planned to be reduced through various initiatives; firstly, by increasing our share of battery electric vehicles for our markets in scope. It is also clear from **market research** that customers want to drive less, so we will encourage sustainable behaviours by providing offerings that reward these lifestyle changes. Another key lever will therefore be providing further incentives for reducing GHG emissions via mileage-based product offerings. When considering potential initiatives we took into account future projections in each of the countries for which we have set targets, including energy usage, vehicle usage and vehicle types. Our incentives will therefore balance the improvements we expect to see in the respective markets with Allianz actions aimed at closing the gap to our stated targets. We will therefore actively steer our in-scope portfolios to be more sustainable whilst benefiting from changes we predict to observe in market behaviour.

We will also engage with customers to support their transition to electric mobility and meet their changing needs. We are committed to offering comprehensive insurance products for battery electric vehicles and the related ecosystem, and to supporting our customers in transitioning to new forms of mobility.

Proprietary investment

Our investment management function allows us to influence our portfolio allocation by setting targets and frameworks for our asset managers. These include defining concrete decarbonization targets for individual mandates, excluding certain high-emitting companies without reduction plans, and increasing target volumes for investments in climate solutions.

03.1 Environmental matters

Non-Financial Statement continued

In order to achieve GHG emission reductions in the companies in our portfolio, we cultivate all types of engagement: bilateral, multilateral, and asset manager engagement. As part of our multilateral engagement activities, the transition of whole sectors is a particular focus.

Own operations

As the specific definition of net-zero is still evolving for financial institutions and we anticipate CSRD requirements, we are no longer referring to the 2030 target for our Own Operations as a net-zero commitment. We will instead refer to it as a 2030 intermediate target. The rest of the decarbonization and removal targets for Own Operations remain as communicated in the Inaugural Net-Zero Transition Plan.

By 2025 we aim to reduce GHG emissions per employee by 50 % versus a 2019 baseline across Scope 1, Scope 2, and selected Scope 3 emissions.

› **For more details see chapter Current Emissions.**

For year-end 2030, we target GHG emission reductions of 70 % and for year-end 2029, -65 %[1] versus a 2019 baseline.

To address the remaining 30 %[2] of the emissions we will use high-quality carbon removal solutions.

Key levers for GHG emission reduction will be the areas of Renewable Electricity, Buildings, as well as Fleet, Business Travel, and Procurement. In the area of Renewable Electricity, we source 100 % renewable electricity from 2023 onwards and implement energy efficiency measures.[3] For Buildings, we have developed a Buildings Standards Catalogue that includes various measures addressing GHG emission reduction. For Fleet and Business Travel, we aim to shift to a fully electric corporate car fleet by 2030 at the latest, achieve a 40 % reduction of GHG emissions from travel activities by 2025 compared to a 2019 baseline, and purchase sustainable aviation fuel (SAF) in order to address GHG emissions from air travel. For Procurement, we will ask 100 % of global framework vendors in our supply chain that provide services globally to establish a public commitment to net-zero GHG emissions in line with the 1.5 °C path by 2025.

Carbon removal and carbon credits

In the past reporting year, we did not use carbon removal and associated carbon credits when accounting for our GHG and the associated reduction targets. Our net-zero targets will likely require the use of atmospheric carbon removal in the respective net-zero targets year. For this, we expect to only use high-quality carbon removal. Our focus remains on GHG emission reductions.

Governance

Ultimate responsibility for all matters relating to sustainability, including climate, resides with the Board of Management of Allianz SE as the Group's parent company. This includes climate change and the net-zero transition plan, which has been approved by the Board of Management. Climate-related matters are typically part of all Group Sustainability Board meetings, which are held at least quarterly.

› **For further information, please refer to Corporate sustainability governance and strategy section.**

Our Climate Change Strategy is rooted in the established sustainability governance.

› **For further information, please refer to the Corporate sustainability governance and strategy section.**

And its associated policies on sustainability, climate, and the energy sector.

› **For further information, please refer to the section Overarching Policies below.**

Progress

In the following section chapters on insurance, investments, and operations, we report on the details and progress of the implementation of the transition plan.

03.1.3 Overarching policies

The Allianz sustainability approach integrates climate and sustainability-related considerations by applying group-wide corporate rules and sustainability instruments across underwriting and investment activities. Key processes include the internal Allianz Standard for Reputational Risk Management (AS RRIM) and other corporate rules,

1 The strategy review for own operations is currently ongoing and will be updated accordingly in 2024.
2 Remaining 30 % means, that if we achieve 70 % reduction by year-end 2030, we will remove 30 %. If the reduction target is overachieved, then we remove the remaining gap to 100 %.
3 For more details about the sources of the renewable electricity, please refer to chapter Energy & consumption mix.

03.1 Environmental matters

Non-Financial Statement continued

such as the Allianz Standard for P&C Underwriting (ASU) and Allianz ESG Functional Rule for Investments (EFRI).

The AS RRIM has been in place since 2013 and establishes a core set of principles and processes for the management of reputational risks and sustainability issues within the Group. It is owned by Group Risk, authorized by the Group Finance and Risk Committee and acknowledged by the Allianz SE Board of Management. The objective of the Standard is to proactively identify business decisions and business activities with the potential to trigger reputational issues and, where appropriate, take action to minimize their probability and/or impact. This Standard is mandatory for all operating entities of the Allianz Group. For 2024, the intention is for it to be superseded by the Allianz Standard for Communications and the Allianz Standard for Integration of Sustainability.

Furthermore, Allianz has four energy-related guidelines in place: **thermal coal, oil sands, oil & gas**, and **renewable/low-carbon energy.** The guidelines are owned by Global Sustainability and authorized by the Allianz SE Board of Management. They apply to proprietary investments and P&C insurance, including facultative reinsurance. Their common goals are to contribute to the transition from fossil fuels to cleaner energy technologies, to manage sustainability and reputational risks, and to achieve our net-zero related targets. The three fossil fuel guidelines define business practices and business models where we do not provide further services or investments along defined technical exclusion criteria. They typically differentiate between single-site restrictions – which apply to stand-alone P&C covers as well as direct project investments – and restrictions on company-level exposures. Purely to support renewable and low-carbon technologies, we allow ring-fenced coverages of and investments into projects and subsidiaries of companies that are otherwise restricted due to the fossil-related energy guidelines. This is described in the Renewable/Low-Carbon Energy Guideline. The guidelines were introduced in 2015 (thermal coal), 2021 (oil sands), 2022 (oil & gas), and 2023 (renewable/low-carbon) respectively.

As in previous years, we report on the exemptions granted based on the rules outlined in the guideline to companies breaching thermal coal thresholds. In 2023, we received two coal-related requests from our operating entities to exempt corporate clients from company-based restrictions related to both P&C insurance and proprietary investment segments. Of these, one was granted and one was not granted. The granted one was a 1.5 °C exemption, which means that the company was assessed to be on a 1.5 °C pathway despite its coal exposure. The option to grant a grace period of one year for companies aligned with well below 2 °C was granted four times in 2022. As of January 2023, this was no longer possible as per the guideline's rules. The requirement to refer business for so-called green exemptions – i.e., permission to underwrite or invest in renewable energy projects of companies restricted based on the coal guideline, for example – was removed in February 2023 when the new Renewable/Low-Carbon Energy Guideline was published. As a result, there is no further reporting on those exemptions.

The publicly available 5th version of the **Allianz Sustainability Integration Framework** (formerly the ESG Integration Framework) lays out these main internal policies and processes related to our overarching sustainability risk approach.

The subsequent sections will outline specific policies applicable to proprietary investments and insurance.

03.1.4 Insurance

Current emissions

According to the GHG protocol, reporting on emissions associated with insurance underwriting activities is optional. In our motor retail and commercial insurance portfolios, we have made important progress in measuring insurance-associated emissions and we set inaugural emission reduction targets in 2023. For these targets, we follow the methodology of the Partnership for Carbon Accounting Financials (PCAF) Insurance-Associated Emissions Standard.[1]

1 For further details on the methodology please refer to the explanatory notes on the Allianz company website. An exception to the application of the PCAF standard is made for the calculation of Insurance-Associated Emissions (IEAs) for insurance policies as defined in the Allianz Statement on renewable/ low-carbon energy, as the standard does not yet specify accounting rules for the measurement of IEAs related to these types of assets.

03.1 Environmental matters

Non-Financial Statement continued

According to the standard, insurance-associated emissions (IAE) for commercial lines are calculated by multiplying an attribution factor (i.e., for commercial lines this is the insurance premium divided by insured customer's revenue) by the absolute GHG emissions of the re/insured customer or asset. The attribution factor determines what share of the absolute emissions of an insured customer or asset is attributable to re/insurance.

For the portfolio in scope of the emission reduction target for commercial insurance, the baseline insurance-associated emissions in 2022 was 1.00 mn t CO_2e and the insurance-associated emission intensity was 0.26 kt CO_2e/€ mn€ mn GWP.[1] Given the lack of reliable and comparable data on customer Scope 3 emissions, our commercial baseline currently only covers our customers' Scope 1 and Scope 2 emissions.

For motor retail, the calculation considers the Scope 1 and 2 emissions of insured vehicles within a portfolio and multiplies them by an attribution factor. The attribution factor represents the insurance industry's share of the total cost of ownership of a vehicle, which includes other costs such as depreciation, fuel, and maintenance. The carbon emissions of the insured vehicles are multiplied by the industry attribution factor (calculated by PCAF as 6.99 % for 2023) to calculate the insurance-associated emissions.

For the motor retail portfolios covered by the emission reduction target, the baseline for absolute insurance-associated emissions in 2022 was 2.10 mn t CO_2[2] (Scope 1 and Scope 2 emissions) in line with the PCAF standard.

Overall GHG emission reduction target

For commercial insurance, we are setting an intensity target for the sub-portfolio of large companies in all sectors, which is managed by Allianz Global Corporate and Specialty. We are focusing on those companies for which GHG emission data is available. For the 2022 baseline, this cohort represented 13 % of the premiums in the commercial segment for which emission accounting methodologies are currently available.[3] Our target is to reduce the emission intensity of this sub-portfolio by 45 % by 2030 against our 2022 baseline (see table "2030 Targets for insurance-associated emissions").

Our target of a 45 % emission intensity reduction for this sub-portfolio refers to emission intensity as the main KPI and not to the absolute insurance-associated emissions (in tonnes of CO_2e). Emission intensity shows the volume of customer-generated emissions associated with every € 1 million of premium we write (tonnes CO_2e/million EUR). While defining an intensity target allows us to reflect the expected growth of our portfolio by 2030 in a dynamic way, our targeted reduction is still within the scenario range of necessary absolute reduction to limit global warming to 1.5°C.

› **For further information, please refer to section Transition Plan & Strategy.**

In addition to factoring in expected portfolio growth, our target definition was also informed by the anticipated real economy decarbonization, which we modelled using authoritative scenarios such as the Stated Policies Scenario (STEPS) of the International Energy Agency.

2030 Targets for insurance-associated emissions

	Unit of targets	Target 2030	Baseline 2022	Delta target 2030 vs Baseline 2022 (%)
Commercial	kt CO_2e/ € Mio GWP	0.14	0.26	(45.0)
Retail motor	mn t CO_2[4]	1.47	2.10	(30.0)

1 With an average data quality score of 2.41. For more details on the calculation of the data quality score following the PCAF standard, please refer to the explanatory notes on the Allianz company website.
2 With an average data quality score of 2.61. For more details on the calculation of the data quality score following the PCAF standard, please refer to the explanatory notes on the Allianz company website.
3 In line with Lines of Business currently covered by the PCAF Standard. Scope coverage is unchanged compared to the Inaugural Net-Zero Transition Plan. Share of premiums related to GHG reduction target follows IFRS definition of gross written premiums and deviates from PCAF, which excludes external acquisition costs; following PCAF definition of insurance premiums, scope coverage represents roughly 16 % of the eligible premiums in the commercial segment. More details can be found in the explanatory notes.
4 Motor retail target is CO_2 emissions only, not CO_2e, to be consistent with the data which is currently available.

03.1 Environmental matters

Non-Financial Statement continued

Our first intermediary target for commercial lines targets the sub-portfolio with the largest climate impact and adequate GHG data quality. This will allow us to steer our portfolio and measure our progress based on reasonable and verifiable GHG emission data, rather than overly relying on sector estimates.

For retail insurance, we are setting a target to reduce the absolute carbon emissions within our motor retail portfolio. For the motor retail portfolio, the target covers nine key European markets, namely: Austria, Belgium, France, Italy, Germany, the Netherlands, Spain, Switzerland, and the UK. Our target is to reduce the absolute carbon emissions within our in-scope portfolios by 30 % by 2030 against our 2022 baseline. Portfolios classified as in scope are aligned with the PCAF standard for personal motor.

For the 2022 baseline, the in-scope portfolios within these markets represent 55 % of the motor retail premiums. The target focuses on the most relevant motor markets for Allianz where the biggest impact can be made. This includes where there is adequate and reliable data available, in order for emissions to be measured and progress against our target to be accurately tracked.

In addition, our target setting is aligned with limiting global warming to 1.5°C and was informed by the anticipated real economy decarbonization, which we modelled using scenarios from external data partners.

Decarbonization levers

Insured customers decarbonization

In the commercial insurance business, our aim is to drive decarbonization across all industry sectors and partner with our customers on their net-zero journeys by leveraging collaboration, sustainability expertise, and best practice, as well as our influence as a major global insurance company.

To this end, we will proactively approach customers to foster dialogue and encourage a shift toward science-based net-zero strategies. Firstly, each year we will engage with the top 100 customers, selected by premium size and average industry sector emission intensity, who do not currently have an emissions reporting or a disclosure approach and are therefore currently not in scope for our emission reduction target. By taking this step, we are endeavouring to raise awareness for increased transparency and data exchange and ultimately aiming to close the GHG reporting gap in our portfolio. Secondly, we will engage with customers within the transportation industry – specifically aviation and marine – by leveraging best-practice exchanges on decarbonization strategies for these sectors. Thirdly, we will seek dedicated exchanges with two to three companies per year on their net-zero strategies. For this engagement category, we will screen our portfolio to identify high-emitting companies who have not yet developed science-based net-zero strategies. Sustainability teams within AGCS will support in the selection of engagement candidates and prepare the engagement dialogues, which will be conducted jointly with the distribution and underwriting teams.

For motor retail insurance, we will also actively engage with our customers to encourage the transition to net-zero. We aim to engage with 20 million current and potential customers by 2030 to support their transition to electric mobility, mainly through Allianz-developed online platforms, newsletters and advertising. The 20 million target reflects the current and estimated future number of customers in the markets defined as in scope, who do not own a battery electric vehicle (BEV). Engagement will include focusing on the benefits of switching to electric mobility and the practicalities of doing so, for example home charging infrastructure and insurance options.

To increase our share of sustainably-minded customers, we will offer mileage-based products to reward customers who are actively seeking to reduce their emissions. Our aim in offering such solutions is to encourage change across the insurance sector in how we, as an industry, approach motor insurance.

By offering mileage-based products, we will ensure fair and risk-adequate pricing for our customers that aligns with our technical excellence program. Increasing our market share of BEVs will enable us to collect more data and thus improve the accuracy of our risk models. We are committed to understanding the risks, gathering data, and being actively involved in research in order to ensure our net-zero plan invests in society to the benefit of all.

03.1 Environmental matters

Non-Financial Statement continued

To support the implementation of our actions, a dedicated team within Global P&C at Allianz SE will support engagement activities, which will be achieved in collaboration with OEs

Portfolio steering

Furthermore, for commercial portfolios, we are committing to actively supporting the net-zero transition by fostering profitable growth and scaling up of renewable energy, low-carbon and other transition technologies that are a key element of the net-zero transformation. Concretely, we aim to profitably grow revenues in Property Damage (PD) and Business Interruption (BI) coverages related to these transition solutions[1] by 150 % by 2030 compared to 2022.

In addition, we are applying the energy-related guidelines as laid out in the section Overarching Policies. The focus on these high-emitting sectors is an important lever and contributor to the targeted reduction of emissions intensity at portfolio level.

Restricted companies are listed in the Global ESG Risk List, which is available to all underwriters globally. Training on the application of the policies is offered regularly to support underwriting teams with their implementation.

To ensure we deliver on our targets, we have clearly defined roles and responsibilities to allow for ownership of the topics and monitoring of progression toward completion. Although targets are stated as 2030, there are clear internal interim timelines and reporting processes that will allow for regular monitoring of progress.

Additionally, to support the implementation of our decarbonization strategy for commercial lines, we have set up two dedicated sustainability teams in the AGCS Chief Technical Office (CTO). The Sustainability Governance team oversees the implementation of portfolio strategy, target setting, monitoring, and reporting. The Sustainability Solutions team focuses on business growth and expansion in line with our "insuring the transition" actions. Both teams work closely together and support our distribution and underwriting teams. In addition, our Allianz Risk Consulting teams continue to provide expertise on emerging technology requirements and challenges.

To further support the transition to net-zero within our motor retail portfolio, we aim by 2030 to insure a larger percentage of BEVs in the Allianz portfolios compared to the share of BEVs in the respective in-scope markets.

To enable this portfolio change, we are committed to offering comprehensive insurance products for BEVs and the related ecosystem, in order to support our customers in transitioning to this new technology. Our ambition is to be a market leader for BEVs and we have implemented a mobility strategy in order to support this transition. This strategy is an ongoing project with key deliverables and drives our ambition to be a market leader through strategy development, global exchanges, monitoring, and reporting.

A workstream within the technical area oversees the implementation of our mobility strategy. This workstream has a focus on technical leadership in electric vehicles, supporting our markets in the development and implementation of action plans to meet our targets, as well as ensuring the regular delivery and monitoring of key performance indicators. It also utilizes Allianz's global presence through regular exchanges with OEs as part of internal Mobility Smart Circle meetings and optimizing the pooling of mobility data across countries, leveraging the Group's expertise.

Additionally, to support the implementation of the overall decarbonization strategy for motor retail, a dedicated team within Global P&C at Allianz SE oversees target and strategy development, portfolio steering, reporting and monitoring, data maintenance, and quality assurance.

1 Transition solutions include the technologies mentioned in the Allianz Renewable/Low-Carbon Energy Statement, as well as waste to energy, carbon capture and storage (CCS)/direct air capture, battery storage and grid-stability-related investments, smart grids and electrification, electric transportation, EV and battery manufacturing plants, electric mass transit infrastructure construction (rail), certified green buildings, industry projects related to energy transition (ammonia and bio-based/synthetic fuels), and green shipping. We have started working on harmonizing terminology and underlying eligible technologies related to the targets for climate solutions (currently used for proprietary investments) and transition solutions (currently used for P&C insurance). We expect to conclude this work and report on it in 2024 fiscal year.

03.1 Environmental matters

Non-Financial Statement continued

Insurance-specific policies

All relevant aspects of our insurance portfolios are governed by the Allianz Standard for P&C Underwriting (ASU). Ownership and execution of the Standard sits with Global P&C and is governed by the Group Underwriting Committee (GUC). However, ultimate responsibility resides with the Allianz SE Board of Management. The ASU governs the rules and principles for P&C Underwriting within the Allianz Group and is an integral part of the overall Group risk architecture. Its rules and principles focus on underwriting sustainable and profitable business. The ASU includes our principles for sustainability and codifies roles and responsibilities within operating entities related to the decarbonization of underwriting portfolios.

The objectives of the Sustainable Insurance section of the ASU include: developing sustainable business opportunities, building resilience and anticipating future developments and adapting to them, safeguarding against reputational risks, and taking adequate corporate responsibility for our planet.

The ASU is published in the Allianz Corporate Rules Book and is available to all relevant internal stakeholders.

03.1.5 Investment

Current emissions

For our proprietary investment portfolio, we are calculating financed GHG emissions according to PCAF guidance and expanding the methodology to asset classes not yet covered by PCAF. Although we aspire to calculate financed GHG emissions for as much of our portfolio as possible, we are constrained by the development of methodologies and availability of data. Nevertheless, we remain committed to progressively expanding the coverage of our portfolio over time.

We do not calculate financed GHG emissions for covered bonds, ABS/MBS and cash as there is no methodology available yet for these asset classes.

> **To see these asset classes, please see lines "no methodology" in tables "Financed emissions" and "2030 Targets for emissions associated with proprietary investments".**

We calculate three types of financed GHG emissions defined by the underlying investment: 1) Corporates, which includes all investees with a balance sheet, i.e., – in PCAF terminology – listed equity and corporate bonds, business loans and unlisted equity, as well as project finance; 2) Real Estate, which includes commercial real estate loans and real estate equity investments; and 3) Public Debt, which includes sovereign debt, sub-sovereign debt, and supranational debt. As there is no specific PCAF guidance on carbon accounting for sub-sovereigns and supranationals, we have adapted the methodology for sovereign debt to these two asset classes. We do not cover 100 % of our exposure in these three types of financed GHG emissions (i.e., Corporates, Real Estate and Public Debt) due to the lack of relevant emission data information. To see this data coverage gap, please see column "coverage" in table "Financed emissions".

> **For a detailed description of our carbon accounting methodology, please refer to our explanatory notes on the Allianz company website.**

In 2023, our total financed GHG emissions were 57.3 mn t CO_2e compared to 46.4 mn t CO_2e in 2022 (see table "Financed emissions"). The increase was driven in particular by adding new asset classes like sub-sovereigns, supranationals, and infrastructure debt.

Our total coverage of financed GHG emissions increased from 59.6 % to 62.1 %.

The table on the next page shows the book value, financed GHG emissions, and coverage (i.e., percentage of book value for which financed GHG emissions are calculated) per carbon footprint methodology and is split into IFRS 9 asset classes.

03.1 Environmental matters

Non-Financial Statement continued

Financed emissions

	2023				2022			
	Book value (€ bn)	**Absolute financed emissions (mn tCO_2e)**	**Carbon Footprint (t CO_2e/ € mn invested)**	**Coverage (%)**	**Book value (€ bn)**	**Absolute financed emissions (mn tCO_2e)**	**Carbon Footprint (t CO_2e/ € mn invested)**	**Coverage (%)**
Corporates	294.2	20.1	64.7	90.6	194.3	16.6	75.1	–
Public debt	166.6	36.7	204.1	99.5	130.8	29.5	192.6	99.7
Real estate	110.6	0.4	9.7	22.9	35.0	0.3	10.5	74.3
No methodology yet[1]	165.4	–	–	–	343.3	–	–	–
Total	**736.8**	**57.3**	**77.6**	**62.1**	**703.3**	**46.4**	**115.8**	**59.6**
Corporates	237.6	18.1	70.5	94.5	161.9	14.5	77.3	–
Public debt	159.3	35.8	204.9	99.5	122.3	28.1	194.9	–
Real estate	68.6	0.0	6.2	1.0	0.0	0.0	49.3	–
No methodology yet[1]	69.1	–	–	–	231.5	–	–	–
Debt investments at fair value through other comprehensive income	**534.7**	**53.9**	**93.5**	**71.8**	**515.6**	**42.6**	**128.4**	–
Corporates	25.3	1.1	48.7	90.8	21.2	1.1	52.4	–
Real Estate	0.7	0.0	2.1	–	–	–	–	–
No methodology yet[1]	1.0	–	–	–	5.5	–	–	–
Equity investments designated at fair value through other comprehensive income	**26.9**	**1.1**	**46.5**	**85.3**	**26.6**	**1.1**	**52.4**	**–**
Corporates	7.3	0.3	34.8	64.4	4.1	0.3	69.1	–
Real estate	10.7	0.3	24.9	77.1	9.1	0.2	20.5	–
No methodology yet[1]	3.3	–	–	–	9.3	–	–	–
Shares in affiliates and associated enterprises	**21.2**	**0.6**	**26.9**	**60.9**	**22.4**	**0.5**	**35.7**	**–**

1 This includes asset classes for which no methodology exists yet, e.g. covered bonds

03.1 Environmental matters

Non-Financial Statement continued

Financed emissions continued

	2023				2022			
	Book value (€ bn)	**Absolute financed emissions (mn tCO_2e)**	**Carbon Footprint (t CO_2e/ € mn invested)**	**Coverage (%)**	**Book value (€ bn)**	**Absolute financed emissions (mn tCO_2e)**	**Carbon Footprint (t CO_2e/ € mn invested)**	**Coverage (%)**
Real estate	23.9	0.1	4.2	64.9	25.9	0.1	4.9	–
Real estate held for investment	**23.9**	**0.1**	**4.2**	**64.9**	**25.9**	**0.1**	**4.9**	**–**
Corporates	7.3	0.0	0.8	9.5	0.0	0.0	1.5	–
Public debt	–	–	–	–	–	–	–	–
Real estate	0.4	–	–	–	–	–	–	–
No methodology yet[1]	65.9	–	–	–	66.6	–	–	–
Investment funds at fair value through profit and loss	**73.6**	**0.0**	**0.1**	**0.9**	**66.6**	**0.0**	**1.5**	**–**
Corporates	17.4	0.7	39.1	80.3	7.1	0.7	87.9	–
Public debt	6.0	0.9	175.0	99.6	8.5	1.4	153.5	–
Real estate	6.0	0.0	2.4	12.6	–	–	–	–
No methodology yet[1]	27.1	–	–	–	30.5	–	–	–
Other (book value < 20 bn € and cash)	**56.5**	**1.6**	**37.7**	**36.7**	**46.1**	**2.1**	**121.7**	**–**

1 This includes asset classes for which no methodology exists yet, e.g. covered bonds

03.1 Environmental matters

Non-Financial Statement continued

Target setting – introduction

We deem the framework laid out by the UN-convened Net-Zero Asset Owner Alliance (NZAOA) for target setting to be best practice. Thus we in general follow the recommendations of the NZAOA for setting intermediate decarbonization targets. While the NZAOA Target Setting Protocol (NZAOA TSP) defines targets for engagements, sectors and financing the transition, we display these as actions in line with ESRS E1. The NZAOA TSP was aligned with all relevant stakeholders and vetted in a public consultation and was developed with a strong reference to the 1.5°C no/low overshoot climate scenarios in the latest report of the IPCC.

> **For further information, please see section "The scientific basis for establishing net-zero targets" of the NZAOA TSP.[1]**

We have already reached our intermediate 2025 decarbonization target for corporate bonds and listed equities in 2023 as we reduced our financed GHG emissions by 44 % against the target of a 25 % reduction.

> **For full 2025 target reporting, please refer to chapter 03.2.**

We have also reached our targets for engagements and financing the transition.

> **For further information, please refer to the section Decarbonization Levers.**

We have therefore decided to update our complete range of targets in 2023 and define new targets for 2030. When setting these targets, we considered potential future developments in large industries, especially the E.U. and the U.S., based on the latest climate law and regulation; i.e., "Fit for 55" and the "Inflation Reduction Act". We also wanted our new targets to include what we have learned from previous years; e.g., related to data availability. The targets remain in line with the latest science (IPCC report) and industry best practice (NZAOA TSP) and are broader in terms of coverage and depth.

> **For a detailed explanation of our 2030 targets, please refer to Explaining Allianz Intermediate Climate Target Setting 2030 for Proprietary Investments[2] on the Allianz company website.**

As of the financial year 2024, we will only report on our new 2030 targets.

Overall GHG emission reduction target

We have set an absolute GHG emission reduction target for listed corporates (corporate bonds and public equity). Our target is to reduce absolute GHG emissions in the respective asset classes by 50 % by 2030 compared to the 2019 baseline emissions.

We have added a 2030 emission intensity reduction target covering all listed and unlisted corporate exposure (e.g., infrastructure debt) in the amount of 50 % compared to the 2019 baseline emission intensity.

See table "2030 Targets for emissions associated with proprietary investments".

A reduction of 50 % is in line with latest IPCC scenarios and equals the midpoint of the respective scenario range from 40 % to 60 %.

> **For further information, please refer to section "1.5°C alignment of targets" and the work of the NZAOA with the IPCC scenarios.[3]**

For unlisted corporates, we are still in the process of gathering emission data and we do not know beforehand how many of our portfolio companies and indirect investments via funds will deliver data in the coming years until 2030. As data coverage is uncertain and changing, we cannot set a reasonable absolute GHG emission reduction target for our overall corporate portfolio. An intensity metric does not rely on coverage as absolute GHG emissions are divided by the respective portfolio exposure. We therefore decided to set an emission intensity reduction target for our listed and unlisted corporates portfolio for 2030.

We have set 2030 targets that are aligned with the Carbon Risk Real Estate Monitor (CRREM[4]) for our real estate equity and debt portfolios. These sectoral decarbonization pathways are based on the latest science, supported by the Science Based Targets initiative, and widely accepted as best practice.

1 AOA-Target-Setting-Protocol-Third-edition.pdf
2 Explaining Allianz Intermediate Climate Target Setting 2030 for Proprietary Investments.
3 Target-Setting Protocol Third Edition – United Nations Environment – Finance Initiative.
4 https://www.crrem.eu/

03.1 Environmental matters

Non-Financial Statement continued

Our progress toward target achievement will be monitored regularly and reported in the Non-Financial Statement.

The table below shows Allianz intermediate 2030 decarbonization targets as well as the respective baseline year values, where available. We have defined GHG emission reduction targets for corporates and real estate.

Decarbonization levers:

Portfolio allocation change

The scope of actions outlined below to implement portfolio allocation changes is in line with the scope of our overall GHG emission reduction targets; i.e., covering our global exposure in corporates and real estate.

As an investment management function, we have set targets and frameworks for our asset managers that will ultimately lead to a change in our portfolio allocation with respect to asset classes, investees, and sectors.

2030 Targets for emissions associated with proprietary investments

	Book value 2023 (€ bn)	% of total	Unit of targets	Target 2030	Current year 2023	Baseline year 2019	Delta Target 2030 vs Baseline 2019 (%)
All Corporates (Listed and Unlisted)	294.2	39.9	t CO_2e/ € mn invested	54.0	64.7	108.1	(50.0)
thereof: Listed Corporates (Traded Equity / Corporate Bonds)	192.2	26.1	mn t CO_2e	12.5	14.0	24.9	(50.0)
Real Estate (Equity and Debt)[1,2,5]	110.6	15.0	kg CO_2/m2	ca. 25.0	33.5	–	–
No methodology for carbon accounting[3]	165.4	22.4	–	–	–	–	–
No target yet[4]	166.6	22.6	mn t CO_2e	–	36.7	–	–
Total	**736.8**	**100.0**	**–**	**–**	**–**	**–**	**–**

As we have set overall GHG reduction targets on a Group-wide level, we start by breaking down the global target to individual mandate level. Each asset manager is then responsible for reaching the respective mandate decarbonization target by taking appropriate actions. For real estate, for example, these actions might include tenant engagement, portfolio transactions, and deep refurbishments. We hold regular deep-dive meetings where we monitor and discuss the decarbonization performance of our asset managers against the set targets.

As well as setting decarbonization targets per mandate, we exclude certain companies in line with our global energy-related guidelines for thermal coal, oil sands, oil & gas.

› **For further information, please refer to section Overarching Policies.**

These exclusions therefore contribute to the implementation of our sector targets for oil & gas and utilities that are outlined below. All excluded companies are included in the Allianz Group Risk Global Restricted List and are shared with all asset managers on a regular basis. Asset managers are obliged to comply with these restrictions.

We aim to finance the transition of companies in the hard-to-abate cement and steel sector that are aligned with a 1.5-degree world and have well-defined decarbonization strategies. We will therefore create a separate emission bucket and adjust the sub-portfolio target for listed equity and corporate bonds to reflect additional exposure in those transition leaders included on our new steel and cement climate list.

1 Including 50 % of real estate funds and w/o retail mortgages.
2 Including Pimco Prime Real Estate portfolio.
3 This includes asset classes for which no methodology exists yet, e.g. covered bonds and cash
4 This includes asset classes for which we calculate owned emissions but have no targets yet, e.g. sovereign bonds.
5 Target 2030: Exact target depends on regional and sectorial portfolio composition 12/2029.

03.1 Environmental matters

Non-Financial Statement continued

We have set sector targets for the high-emitting sectors listed below. These targets will trigger three types of actions supporting our overall GHG emission reduction target: sector engagements (for further information, please refer to section Portfolio company decarbonization), exclusions, and moving from climate laggards to climate leaders within the respective sectors:

- Oil & Gas (coverage Allianz O&G 100 list):
  - Scope 1, 2 and 3 (cat 11): 43.07 g CO_2e/MJ in line with IEA Net-Zero GHG Emissions by 2050 scenario
  - 100 % of AuM to set net-zero targets across all 3 emission scopes (target year 2025).
- Utilities (Coverage Transition Pathway Initiative (TPI)):
  - Scope 1: 0.17 t CO_2e/MWh in line with IEA Net-Zero GHG Emissions by 2050 scenario
  - Coal phase out in line with 1.5-degree pathway.
- Steel (Coverage TPI):
  - Scope 1 and 2: 1.18 t CO_2e/t steel in line with IEA Net-Zero GHG Emissions by 2050 scenario.
- Automobile (Coverage TPI):
  - Scope 3 (cat 11): 41.68 g CO_2e/km in line with IEA Net-Zero GHG Emissions by 2050 scenario.

In 2023, we added the sectors Steel and Automobile. For both sectors, we are currently implementing data flows as a first step.

Portfolio decarbonization will also be fostered by increasing our share in Sustainable Investments. We have achieved our 2025 target for financing the transition; i.e., we have created between 4 and 5 new blended finance vehicles and have made initial investments in forestry and hydrogen.

We have therefore included a quantitative 2030 target for investments in climate solutions, which is to increase climate solution investments by at least € 20 billion by 2030, subject to market environment and constraints.

As a first step to reach this target, we have defined all low-carbon technologies that qualify as climate solutions.[1] We need to develop a process to align and agree on concrete volumes per annum with all relevant stakeholders: operating entities, asset managers, and relevant Group centers.

We have defined two additional requirements for our investments. Firstly, we will predominantly invest in Article 8 or Article 9 funds (or equivalent) as defined by the EU Sustainable Finance Disclosure Regulation (SFDR). Secondly, we will require a credible transition plan for all unlisted direct investment with a carbon intensity above 100 t CO_2e / € mn invested.

Portfolio company decarbonization

The extent to which we can achieve reduction of GHG emissions for our investee companies and real estate investments depends on the respective ownership structure. For example, in the case of fully-owned real estate assets, we can directly influence GHG emissions by deep refurbishments.

However, if we are only a minority owner, we are restricted to indirectly impacting GHG emissions through engagement, for example, or proxy voting (public equity).

One indirect lever to reach our 2030 GHG emission reduction targets is therefore continued engagement and support of our portfolio companies. We have consequently implemented a systematic and strong engagement approach across all types of engagements: bilateral, multilateral, and asset manager.

For further information on our engagement approach, please refer to our 2023 – Allianz Investment Management – Our Engagement Approach on the Allianz company website.

We have already achieved our 2025 engagement targets in 2023 as we have engaged the top 30 (non-aligned) emitters in our portfolio, increased our engagement activities by 100 %, and fully participated in all NZAOA sector and asset manager engagements.

1 We have started working on harmonizing terminology and underlying eligible technologies related to the targets for climate solutions (currently used for proprietary investments) and transition solutions (currently used for P&C insurance). We expect to conclude this work and report on it in FY2024.

03.1 Environmental matters

Non-Financial Statement continued

We have therefore updated our engagement targets earlier than originally planned. By 2030 (versus September 2023), we firstly want to engage with all external asset managers who are "below expectations" based on a systematic assessment. In order to reach this target, we initially need to perform a systematic sustainability assessment of all of our public and private asset managers. If an asset manager does meet our minimum expectations, we will start engagement to close identified gaps. We regularly review our public equity asset managers against best practice guidance (e.g., NZAOA guidance on best practice for proxy voting and climate lobbying).

Secondly, we want to participate in 30 multilateral engagements (at least 15 of them with a focus on climate), either as the lead organization or as a member. In order to reach this target, we will continuously review existing or new multilateral engagement initiatives. In 2023, we joined the collaborative engagement initiative "Investor Initiative on Hazardous Chemicals" (IIHC).

Thirdly, we aim to engage with 15 non-multilaterally engaged portfolio emitters among the top 100. We will screen the financed GHG emissions of our portfolio companies to identify those qualifying for engagement; i.e., those with the highest financed GHG emissions that are not already engaged.

As many of our high emitters in the portfolio can only decarbonize properly if the whole sector – including the value chain – decarbonizes, we are also active in sector engagements via multilateral engagement initiatives. Sector engagements are supporting our sector targets for 2030, in particular in the oil & gas and steel sectors.

› **For more information on our sector targets, please refer to section Portfolio allocation changes.**

The whole investment management function of Allianz is responsible for implementing climate topics in the existing processes and hence in the investment portfolio.

Proprietary investment specific policies

We are committed to managing climate change risk identified as a material risk for our proprietary investment portfolio.

To align our investment management function with this commitment, we have set ambitious GHG emission reduction targets that incentivize respective decision-making.

See table "2030 Targets for emissions associated with proprietary investments".

Our Allianz ESG Functional Rule for Investments (EFRI) sets out the rules, principles, and processes that govern the integration and application of climate topics to the Insurance Investment Assets of Allianz.

The EFRI provides a detailed description of all relevant processes for integrating climate into the investment processes and managing climate risk:

- Selecting and monitoring asset managers: Asset managers need to adhere to their own qualified sustainability policy including climate as a key topic. Regular review meetings with asset managers covering sustainability topics need to be performed.
- Systematic evaluation and scoring of investments: For unlisted assets, a case-by-case evaluation needs to be performed to identify potential sustainability risks. For listed assets, sustainability criteria based on MSCI data are used to screen all investments and inform our investment decision-making.
- Active engagements: As an integral part of our strategy, we perform bilateral engagements based on systematic sustainability scoring, multilateral engagements, and asset manager engagements.
- Exclusions of certain sectors, companies and sovereigns: Certain investments need to be excluded based on the Allianz guidelines for Oil and Gas and Coal-based business models. Some exclusions are triggered by engagement.
- Sustainable Investments: We define sustainable investments in line with the SFDR Article 2 (17) and actively pursue investment opportunities that support solutions to environmental and societal challenges, aligned with the U.N. Sustainable Development Goals (U.N. SDGs).
- Risk management: The Allianz Climate Change Risk Solution (ACCRiS) tool must be used to assess physical climate change risk for fully owned real estate and prospectively for all single location

03.1 Environmental matters

Non-Financial Statement continued

assets. Whenever a certain level of physical risk is identified, a climate change adaptation plan needs to be implemented.

For further details, please refer to section Integrating sustainability in proprietary investments.

The EFRI applies to all proprietary investment assets excluding unit-linked assets and is owned by the Sustainable Investing team. It is authorized by the respective Allianz SE Board Member responsible for Investments. The EFRI is published in the Allianz Corporate Rules Book and is available to all relevant stakeholders.

The EFRI is mandatory within the Allianz Group for all insurance and reinsurance legal entities, including related pension schemes and all types of investment assets. Sustainability governance is fully integrated into existing governance structures and makes use of existing committees (e.g., the Group Investment Committee).

03.1.6 Own operations

Current emissions

In our own operations, we aim to reduce our environmental footprint over time. We have established a dedicated unit – Group Sustainable Operations – within Group Operations & IT to align the strategic approach across all Allianz entities, with the aim of reducing their environmental footprint and accelerating impact through setting clear targets and sharing best practice. The main operations in scope are Travel and Fleet, Procurement, Facility Management, and IT.

The total GHG emissions arising from Allianz Operations were 136,448 t CO_2e in 2023. Of that, 31,774 t CO_2e result from Scope 1, 7,929 t CO_2e from Scope 2, and 96,745 t CO_2e from Scope 3. Included Scope 3 GHG emissions from categories 3.1, 3.3, 3.6 and 3.7 cover fuel- and energy-related emissions, business travel, remote working, public cloud, and paper use. Scope 3 GHG financed emissions which fall under category 3.15 are excluded.

Greenhouse gas emissions
t CO_2e

	2023	2022	Delta (%)
Gross Scope 1 GHG emissions	31,774	30,953	2.7
Gross market-based Scope 2 GHG emissions	7,929	30,490	**(74.0)**
Gross location-based Scope 2 GHG emissions[1]	112,228	138,339	**(18.9)**
Gross Scope 3 GHG emissions (selected)[2]	96,745	92,467	4.6
Total emissions from own operation and further value chain	**136,448**	**153,910**	**(11.3)**

For further information, please refer to section Insurance Overarching and section Investments Overarching.

For further details on 2023 GHG emissions and a comparison to 2022 GHG emissions, please see table "Greenhouse gas emissions".

Own operations GHG emission reduction target

As explained in the Transition Plan & Strategy chapter, anticipating CSRD, we are no longer referring to the 2030 target for our Own Operations as a net-zero commitment. We will instead refer to it as a 2030 intermediate target.

Our decarbonization and removal targets for Own Operations remain as communicated in the Inaugural Net-Zero Transition Plan.

By 2025 we aim to reduce GHG emissions per employee by 50 % versus a 2019 baseline across Scope 1, Scope 2, and selected Scope 3 emissions.

For more details see chapter Current Emissions.

For year-end 2030, we target GHG emission reductions of 70 % and for year-end 2029,- 65 % versus a 2019 baseline. The target was defined in alignment with the latest climate science. The progress towards our 2030 target is assessed on a yearly basis as part of our annual reporting cycles. In 2023, we made progress by reducing our GHG emissions by 62 % per employee compared to our 2019 baseline.

1 Not included in the calculation of total emissions.
2 Including fuel- and energy- related activities, business travel, remote working, paper and public cloud.

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Greenhouse gas emission targets

t CO_2e per employee

	Emissions Target 2030	Emissions Target 2025	Target 2023	Achievement 2023	Emissions current year 2023	Emissions Baseline 2019	Delta Target 2030 vs Baseline 2019	Delta Target 2025 vs Baseline 2019
Scope 1, 2 and selected scope 3 emissions[1]	0.828	1.183	We expect in 2023 emissions at a comparable level to 2022 with some post COVID-19 corrections.	Our carbon footprint per employee was 0.9 tons (2022: 1.0). This represents a 62 % reduction (2022: 57 %) against a 2019 baseline. This reduction was mainly the result of sourcing 100 % renewable electricity for our office buildings and data centers and a reduction in our energy consumption, which balanced increasing business travel post COVID-19.	0.894	2.367	(65.0) %	(50.0) %

Energy consumption & mix

In 2023, we had a total energy consumption of 1,574,357 GJ.

We achieved a 47 % reduction in energy consumption in our office buildings per employee against a target reduction of 20 % by year-end 2025 against a 2019 baseline (2022: 32 % reduction).

100 %[3] of the electricity we used in our office buildings and data centers came from renewable, low-carbon sources (2022: 89 %).

The above was achieved through a combination of green tariffs (65.7 %), expanding the use of on-site renewable technologies (0.2 %), and sourcing unbundled renewable Energy Attribute Certificates (EACs) (34.1 %). For a comprehensive overview of our energy consumption and mix, please see table "Energy consumption and mix".

Energy consumption and mix

As of 31 December 2023		2023	2022	Delta (%)
Energy consumption from office buildings	GJ	1,232,510	1,578,675	(21.9)
Energy consumption from data centers	GJ	286,312	325,212	(12.0)
Total energy consumption[4]	**GJ**	**1,574,357**	**1,965,294**	**(19.9)**
Energy consumption from office buildings per employee	GJ/ employee	8.1	10.4	(22.3)
Energy reduction in office buildings per employee since 2019	%	(47)	(32)	(15.1) %-p

1 Scope 3 includes fuel- and energy- related activities, business travel, remote working, paper and public cloud.
2 For more details about the sources of the renewable electricity, please refer to chapter Energy & consumption mix.
3 For more information, please refer to the section Decarbonization levers – Renewable Electricity.
4 The total energy consumption includes also energy from remote working.

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Energy source
%

As of 31 December 2023	2023	2022	Delta (%)
Electricity	72.5	67.4	5.1 %-p
Fossil fuels	9.6	12.4	(2.8) %-p
Long distance heating	16.8	18.8	(2.0) %-p
Other sources (incl. energy from own sources including photovoltaic, internal waste heat)	1.1	1.4	(0.3) %-p

Renewable electricity

As of 31 December 2023		2023[1]	2022	Delta (%)
Renewable electricity	GJ	1,122,821	1,153,987	(2.7)
Renewable electricity as a share of all electricity	%	100	89	11.4 %-p

To achieve our GHG emission reduction targets, we have the following decarbonization levers:

Decarbonization levers

Renewable electricity

As a signatory of the RE100 initiative, we have committed to sourcing 100 % renewable electricity (RE) for our group-wide operations and data centers by 2023. RE100 is a global initiative bringing together businesses committed to 100 % renewable electricity.

Energy sourcing has been a strategic procurement function since 2021 and plays a key role in our transition toward 100 % renewable electricity, mainly by shifting energy procurement from locally driven to globally driven processes.

Activities in 2023 included leveraging opportunities to agree green tariffs with local power providers and holding conversations with landlords supported by green lease clauses. We encourage green tariffs and local direct investments in Allianz-owned self-generation, centrally supported by PIMCO Prime Real Estate. Furthermore, renewable Energy Attribute Certificates have played a role in the transition to 100 % renewable electricity as an interim solution for markets and Allianz entities with limited access to renewable electricity.

In 2023, we achieved our goal of covering 100 % (2022: 89 %) of our electricity for all office buildings and data centers with renewable, low carbon sources. 98.6 % of this is in line with the RE100 technical criteria and 1.4 % is secured via renewable Energy Attribute Certificates from neighbouring countries as we operate in some countries like Ukraine, Saudi Arabia and Ghana[2] where there is currently no availability of renewable electricity meeting the RE100 criteria. We continue our efforts to cover all our renewable electricity in line with RE100 technical criteria and will closely monitor the market development in the respective countries.

Buildings

Embedding sustainability in our buildings encompasses energy efficiency and reduction. We aim to reduce the energy consumption in our office buildings per employee by 20 % by year-end 2025 against a 2019 baseline.

We implement environmental management systems (EMS) and energy efficiency processes based on ISO14001 and ISO50001 standards to improve environmental management governance practices at some of our major locations and entities. Some locations also pursue certifications such as LEED, BREEAM[3], etc. To address energy efficiency and reduction holistically, our operating entities are encouraged to develop approaches to reduce energy consumption.

We have set up a Buildings Standards Catalogue to harmonize Allianz's approach to sustainability in buildings. This comprehensive listing of minimum standards includes elements of governance/certifications, furnishings, construction/renovations, renewable energy, energy efficiency, water, waste, food, and commuting, as well as guidance on green lease selection criteria.

1 For more information, please refer to the section Decarbonization levers – Renewable Electricity.
2 Full list of countries: Hong Kong, Bahrain, Cameroon, Ghana, Tunisia, Ivory Coast, Kenya, Lebanon, Senegal, Madagascar, Laos, Myanmar, Qatar, Reunion Island, Saudi Arabia, Ukraine.
3 LEED (Leadership in Energy and Environmental Design) and BREEAM (Building Research Establishment Environmental Assessment Methodology) are certifications assessing the sustainability of buildings based on a rating system. sustainability of buildings based on a rating system.

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In 2023, we achieved a 47 % reduction in energy consumption in our office buildings per employee compared to our 2019 baseline (2022: 32 %).

Fleet and business travel

When it comes to fleet and business travel, our aim is to continuously reduce corresponding GHG emissions now that COVID-19 measures have been lifted and business trips are permitted again. We aim to reduce our GHG emissions from business travel by 40 % by 2025 against a 2019 baseline. As a signatory of the EV100 initiative, Allianz has committed to fully electrify the company fleet by 2030 at the latest.

The current travel regulation is under review and – once updated in 2024 – will encompass climate-related topics for business travel. In addition, our travel tools offer a sort and transparency function based on CO_2 emissions for flight searches. Further, meetings should be held digitally whenever possible.

In 2023, GHG emissions from business travel were reduced by 44 % per employee against a 2019 baseline[1] (2022: 47 %). As of 2023, 22.0 % of our fleet vehicles are electrified[2] (2022: 10.9 %).

Procurement

With regard to our supply chain, our target is to ensure that 100 % of global framework vendors – i.e., vendors providing products and services for Allianz globally – have made a public commitment to net-zero GHG emissions in line with a 1.5°C path by 2025.

The procurement function sources services and products for the Allianz Group by partnering with thousands of vendors all around the world for activities such as IT, professional services, and marketing. Our procurement policy and processes are reviewed regularly. In 2022, they were updated to align with the Allianz Group sustainability strategy and to embed the operations sustainability strategy across procurement activities. To ensure our IT partners are following our decarbonization ambition, we have implemented sustainability criteria in all Requests for Information (RFIs)/Requests for Proposal (RFPs) and tenders. The catalogue of questions covers environmental aspects in four categories (Hardware, Software, Application/ Infrastructure & Communication) and produces a rating based on defined sustainability criteria.

Our assessment indicates that, in 2023, 76 % of global framework vendors had an existing net-zero commitment (2022: 65 %).

03.1.7 Sustainability incentive schemes

Sustainability forms part of the individual contribution factor of the remuneration of each member of the Allianz SE Board of Management. This extends to the decarbonization targets of proprietary investments as well as own operations.

> **For further information, please refer to Remuneration Report and section "Corporate responsibility governance and strategy".**

03.1.8 Climate-related risks

Climate change will materially affect global economies and Allianz, with its international footprint and many different lines of business, is no exception – as already highlighted in the section on materiality analysis. The risks and opportunities emerging today will evolve and increase over the mid to long term. They include acute and chronic physical impacts on property and human health, such as increasing temperatures, extreme weather events, rising sea levels, intensifying heatwaves, droughts, and potential changes in vector-borne diseases.

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

Impact on and impact of our business

The Allianz Group is exposed to risks that are influenced by climate change in a multitude of ways. Our core business activities mean that we are affected in two key ways, both of which can influence the ability of assets to generate long-term value:

1 GHG emissions from business travel were restated for 2019 (new absolute: 140,787 t CO_2e, new relative: 1.0 t CO_2e per employee).
2 Including battery electric and plug-in hybrid vehicles.

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- As an insurer providing insurance policies – e.g., covering health impacts, property damage, or litigation claims – and through changes in the sectors and business models we underwrite.
- As a large-scale institutional investor with significant interests in various economies, companies, infrastructure, and real estate that might be affected by the physical impact of climate change and the transition to a low-carbon economy.

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

Strategy resilience, stress tests, and climate scenario analysis

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

We apply various quantitative and qualitative strategies when carrying out climate stress testing and scenario analysis. Considerations in this regard include the long-term horizons over which climate change may unfold and the high level of uncertainty over the direction of future climate and economic developments. Our objective is to foster risk awareness, build expertise in the assessment of financial risks from climate change, test our business strategy resilience, and inform risk management and business decision-making.

We perform sensitivity and scenario analyses with time horizons up to 2050 and including scenarios ranging from 1.5°C to 4°C of average warming by the end of the century. While time horizons naturally differ depending on the lines of business under consideration, the range of scenarios we apply allows us to better assess a variety of risks associated with climate change.

When we conduct analyses that assess 1.5°C scenario alignment, we adjust our scenario selection using guidance developed by the NZAOA that is focused on 1.5°C scenarios with no or low overshoot of 1.5°C of warming. This limits the need to remove GHG emissions from the atmosphere in the second half of the century.

When conducting outside-in impact scenario analysis, we use a broader range of scenarios in terms of temperature outcomes and characteristics. Qualitative assessments are conducted to explore to what extent and across which channels climate change risks affect distinct aspects of our business, unconstrained by the still limited availability of quantitative models to fully cover all aspects of climate change across our entire business activities. We deploy quantitative assessments for indicative sizing of our exposure to climate change risks. A top-down approach is developed to assess risks at the level of our balance sheet. Complementary bottom-up modelling for the most relevant exposures provides insights into climate change risks at the level of individual investment or underwriting projects and may support contextualization of results from top-down analyses.

It should be noted that the analyses included in this report reflect our current approaches to climate change risk assessments. Prevailing methodological and data limitations as well as the high degree of uncertainty inherent in any long-term analysis may still limit the decision-making usefulness of some results. However, these approaches will change over time as climate scenarios evolve in line with research, developmental-stage methods improve further, and industry best practices emerge.

Qualitative assessment of climate change risks

Approach

The guiding objective of the qualitative climate change risk assessment is comprehensiveness, whereby it is important to identify the many ways that Allianz's risk profile can be adversely affected across all areas of the business, in both the short, medium and long term. There are multiple ways in which climate change may trigger risk events, so it is essential that this understanding is established in enough detail for it to provide a solid basis for applying risk-based prioritization with the aim of evaluating mitigation effectiveness and management actions.

To achieve full coverage of Allianz's business footprint, the assessment was structured along the business areas of investments, property-casualty underwriting, life/health underwriting, operations, with the investment and underwriting business areas further

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subdivided into asset class and line of business, respectively. For each business area (or alternatively, asset class for investments, and line of business for underwriting), the main relevant climate change-related risk drivers were identified. In this context, a risk driver is any development or event wholly or primarily attributable to climate change that potentially impacts Allianz's risk profile. Such risk drivers can be categorized into technological, regulatory, legal, and consumer behaviour developments (transition risks), as well as physical risks such as floods, drought, or wildfires.

For each risk driver, a range of potential short- to medium-term and long-term impacts for the insurance sector was considered, utilizing knowledge acquired via a combination of desktop research and consultation with subject matter experts both internal and external to Allianz.

Lastly, the potential magnitude of each of these risk impacts was assessed against various dimensions of financial and non-financial performance.

The initial qualitative risk assessment was performed throughout 2022 at the Allianz Group level. During 2023, subsidiaries adapted the assessment according to their local risk profiles. The outcome of this exercise provides further insights into the relevance of climate change risk drivers for both the Allianz Group as a whole and individual subsidiaries, taking into account their specific business profile, geographical presence, and locally applicable regulations.

Results

For a summary of the main climate change risks faced by the Allianz Group as well as corresponding impacts derived from the qualitative risk assessment, please see tables "Key climate change transition risks" and "Key climate change physical risks".

Key climate change transition risks

Risk driver	Context	Main potential risk impacts
Emerging technologies	Climate change mitigation and adaption is driving the rapid development of new or modification of existing technologies (e.g. sustainable aviation fuels, carbon capture and storage, electric vehicles). Although many of these technologies presently face challenges in terms of quickly scaling up – whether due to prohibitive cost, an inadequate supply of raw inputs, missing infrastructure, customer scepticism or a need to further develop the technology itself – it is expected that many of these issues will be resolved over time and the technologies will become widely adopted.	**Investments** • Companies that fail to adopt these new technologies may face future cost disadvantages via a combination of higher energy costs, higher financing costs or costs from participation in carbon emissions trading schemes. On the revenues side, customers may become adverse towards companies that fail to adopt climate-related technologies. This risk is particularly relevant for those business sectors with a comparatively high emissions footprint, such as energy, transportation and construction. • Stranded assets are also possible, whereby technological breakthroughs render older, high emission technologies obsolete, in particular when further squeezed by decarbonization-related regulations. Conversely, it is also possible that promising technologies ultimately fail to deliver on their potential and earn a return on substantial investments in research and development. • Allianz is susceptible to financial market losses based on investment exposures to those companies and sectors most likely to be impacted by the above developments. **Underwriting** • The introduction of new technologies may lead to more frequent and severe malfunctions, damage or process disruptions, especially in the early application phase. Areas of particular vulnerability include electric vehicles and renewable energy technologies, such as battery energy storage systems. In this context, providing insurance coverage may represent a challenge for insurers due to the lack of historical claims data as a basis for modelling and pricing, which may trigger an increase in insured manufacturers' product liability exposure.

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Key climate change transition risks continued

Risk driver	Context	Main potential risk impacts
Regulatory developments	As signatories to the Paris Agreement, many countries have adopted legally binding commitments in line with the Paris Agreement target of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. To deliver on these commitments countries are enacting increasingly stringent regulations designed to reduce carbon emissions, such as the phase out of combustion engines, encouraging the adoption of heat pumps or increasing the share of sustainably produced energy. Given the swift and drastic reduction required, the impact of these regulations is widespread across many business sectors, although naturally most consequential for those responsible for the largest share of emissions.	**Investments** • Increasingly complex and partly untested regulations promoting mitigation and adaptation to climate change may trigger significant costs or losses for companies operating in high emission sectors, both in terms of implementation costs and as a direct consequence of the policies themselves. Direct consequences include write-down costs, whereby as a result of a regulatory directive, the projected financial return on company assets is diminished. • Furthermore, fragmentation of regulations at a regional and global level may lead to competitive disadvantages based on a company's geographic location, especially for companies that are highly dependent on international trade. Competitive disadvantages may result from either operating under a comparatively strict set of regulations relative to peers (e.g. carbon emission limits), or conversely, due to regulations enacted to counter such environmental arbitrage (e.g. border taxes, restricted market access for companies with poor climate practices). • Allianz is susceptible to financial market losses based on investment exposures to those companies and sectors most likely to be impacted by the above developments. **Operations** • Allianz is committed to full compliance with all climate-change regulations applicable to the organization. The design and implementation of processes needed to comply will require investments in employees, external expertise, 3rd party databases, IT systems and more. • Beyond the direct costs, regulations are likely to result in an increase in Allianz' operational complexity – for example in the form of expanded data gathering and reporting requirements or additional sustainability considerations to be applied in the design, marketing and service of products. This increased complexity in turn may drive an increase in the likelihood and severity of process failures and accompanying operational losses.

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Key climate change transition risks continued

Risk driver	Context	Main potential risk impacts
Climate litigation	Climate change has emerged to become a source of potential high-impact litigation, whether in terms of monetary losses (e.g. fines, awarding of damages) or through court ordered changes in defendants' business practices that negatively impact profitability or – in extreme cases – viability of the business model itself. This trend is expected to continue as both litigants seek compensation for climate related damages and activists turn to court systems in response to real or perceived political and business failures to adequately address climate change.	**Investments** • Companies may be subject to litigation arising from discrepancies between publicly declared long-term net-zero commitments and emissions reductions that are realistically achievable based on actions taken, as well as general (vague) sustainability statements deemed misleading or otherwise not supported by actual outcomes ("Greenwashing"). • Climate attribution science supports the assignment of responsibility for climate-change related damages to those companies historically responsible for a large share of emissions, whether from the extraction and processing of fossil fuels or their consumption via production or product use (e.g. energy generation, transportation). As the confidence levels of climate attribution models improve they may increasingly be recognized by courts and juries in determining culpability and corresponding damages. Given past studies suggesting a relatively small number of companies are responsible for an outsized share of total historical emissions – primarily within the oil & gas and utility sectors – the legal exposure of these companies in particular may be quite significant. • In addition to the costs or losses directly attributable to climate-change related regulations, companies also face legal exposures for failure to comply. Against the backdrop of sweeping regulations and tight timelines for their adoption – which is unavoidable in the light of nations' legally binding emission reduction commitments – it may prove challenging for certain companies or even entire sectors to fully comply. This is relevant not only for operations and product design, but also climate-change related reporting and disclosure requirements. • Allianz is susceptible to financial market losses based on investment exposures to those companies and sectors most likely to be impacted by the above developments. **Underwriting** • The above climate litigation drivers for investments may also adversely impact Allianz' risk profile with respect to Underwriting Risks. Greenwashing, advances in climate attribution science, new and expanded regulations and an overall increase in climate-change related litigation all introduce new and potentially significant legal exposures for many of Allianz' commercial policyholders, especially those operating in high-emission sectors such as oil & gas, energy generation or transportation. Allianz risk exposures arise from indemnity coverages for legal proceedings against these policyholders, in particular within the D&O and Liability lines of business.

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Key climate change physical risks

Risk driver	Context	Main potential risk impacts
Extreme weather (acute physical risk event)	Climate change is the primary driver behind a contemporary increase in the frequency and severity of extreme weather events, which trigger losses in the form of human casualties, physical damages and disruptions to business or leisure activities.	**Investments** • Within the real estate sector property valuations may increasingly be dependent on exposure to extreme weather events, both from a macro- and micro-geographic perspective. The most exposed properties might experience higher losses from property damage, a loss of rental income due to business disruptions and higher insurance and financing costs. While measures may be taken to help mitigate the real estate impact of extreme weather events, such as strengthening structures against wind and flood damage, these typically require costly investments. These issues also largely apply towards the construction and infrastructure sectors as well. • At a sovereign level, government finances may become strained through an ever increasing need to finance recovery and repair efforts following catastrophic weather events. Over time this support may lead to a deterioration in the creditworthiness of sovereign debt, further compounding losses via higher debt servicing costs, or in extreme cases may even lead to default scenarios. Alternatively, governments may choose to invest in mitigation or adaption initiatives, however in many cases these solutions come with high costs that may likewise place pressure on government finances. • At a more general level, corporate bonds and equities may be impacted to various degrees depending on the sector and geographic location. For example, floods, fires, droughts and heat waves can trigger large loss events in many different sectors, such as agriculture, tourism, energy production, shipping and manufacturing. This injects a new source of risk and volatility into corporate financial outcomes, which may challenge their ability to consistently deliver reliable profits or, in extreme cases, trigger instances of bankruptcy. Ultimately these issues will be reflected in share prices and bond valuations. • Allianz is susceptible to financial market losses based on investment exposures to those companies and sectors most likely to be impacted by the above developments. **Underwriting** • Increases in the frequency and severity of claims are almost certain to occur across both retail and commercial P&C business lines. This projection concerns not only property claims due to direct physical damage, but other coverages as well, such as those typically contained within business interruption, accident, entertainment, and travel policies. • Claims for liability coverages may also increase insofar as policyholders are considered negligent in protecting customers or other third parties from damages caused by extreme weather events. • In addition to impacts derived from policy exposures, it may also become increasingly cost-prohibitive for Allianz to obtain reinsurance coverages in line with our risk appetite and risk bearing capacity. Such developments might restrict our ability to underwrite some risk exposures and – in extreme cases – precipitate an exit from certain insurance markets.

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Key climate change physical risks continued

Risk driver	Context	Main potential risk impacts
Climate volatility (chronic physical risk event)	A meaningful portion of economic activity is dependent on the climate and susceptible to changes against the current status-quo. For example, with respect to raw materials, a volatile climate may lead to losses of arable land to desertification, losses of timber due to wildfires, reduced fishery yields due to ocean acidification or water scarcity that diminishes production capacity in high water use sectors, such as the manufacturing of apparels and textiles. Impacts beyond availability of resources include phenomena such as permanent decreases in worker productivity due to frequent heatwaves or a loss in attractiveness for those tourist destinations no longer reliably providing the desired weather.	**Investments** • An increased volatility in the availability – and therefore price – of raw materials has various implications at the individual company level, especially for those companies whose value generation is primarily dependent on the processing of raw materials. Collectively, these implications may have consequential impacts on overall economic activity. • Resource availability will emerge as an increasingly important consideration in the capital investment decisions of companies within certain sectors (e.g. manufacturing, timber, agriculture, fisheries). Volatility and scarcity risks in raw material inputs will increase the required risk-adjusted return on such investments, which may lead to a higher number of boardroom decisions to forego potential profit-generating opportunities (i.e. will trigger corporate retrenchment instead of expansion). • Companies may struggle to optimally price their goods against a backdrop of higher price volatility for their production inputs. Participation in commodity markets to hedge against price volatility will likely come with a higher cost than in the past, as commodity markets react to the volatility by increasing the risk premium on futures contracts. • Beyond manufacturing and raw material processing, temperature volatility may also adversely impact weather dependent sectors, such as construction, tourism and sustainable energy generation. • Allianz is susceptible to financial market losses based on investment exposures to those companies and sectors most likely to be impacted by the above developments. **Underwriting** • Insurance portfolios may experience consequential shifts in the risk profile for those regions or sectors with the highest exposures to climate volatility, affecting both claims and insurance demand. In contrast to acute physical risks, these risks are not attributable to individual extreme weather events, but rather reflect permanent trends or slow-developing climate change impacts. • For example, rising sea levels that make coastal areas more prone to flooding are likely to increase claims costs and expenses for both retail and commercial property coverages. On the revenues side, necessary premium increases may not be able to fully capture increased losses due to political and consumer pressure to maintain insurance affordability, while in the most exposed regions the uninsurability of certain risks may cause a reduction in the total size of the insurance market. • Overall, while climate volatility risks are generally considered more long term in nature, if not carefully managed these developments will increase the potential risk for Allianz of losing market share, premium income or profitability.

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The results on the previous page demonstrate that the most relevant climate change risks for Allianz as an organization relate to proprietary investments and property-casualty underwriting. Risks related to company operations and life/health underwriting are also present, albeit to a lesser extent.

In terms of time frames, the assessment foresees transition risks as more significant in the short to medium term than in the long term under scenarios where alignment with the goals of the Paris Agreement is rigorously pursued. This reflects the view that a large proportion of measures to address climate change will need to be introduced in the next 5 to 15 years, which will constitute a comparatively dynamic period of transition risk relevance.

In terms of the most relevant physical risks, acute physical risks are likewise considered more significant over the short to medium term than the long term. While this may run contrary to the understanding that acute physical risks will continue to increase in both magnitude and frequency, the presumption is that adaptive measures will help blunt impact severity in the longer term. This includes both adaptive measures by external parties – such as regulations restricting or encouraging movement away from disaster prone areas – and mitigation measures by Allianz, such as improvements in the management of insurance risk concentrations and the pricing of insurance coverages.

When considering the above results, it is important to understand that outcomes of this qualitative process are highly dependent on the input of individual risk experts. Although the process leveraged research and statistical information where possible, professional judgment was applied in determining the impacts specific to Allianz. Provided that professional judgment is subject to various forms of bias, results are liable to change. In addition, the emergence of further statistical and other fact-based research may also influence conclusions.

1 NGFS: Network for Greening the Financial System.
2 IPCC: Intergovernmental Panel on Climate Change.

> **For further information on mitigation measures to address and manage risk impacts, please refer to the section "Conclusion".**

Quantitative assessment of climate change risks

Approach

The integrated climate change stress test presented in the following section complements the holistic qualitative risk assessment with quantitative information for a limited set of risks and risk transmission channels. It demonstrates our continuing efforts to build capabilities and capacities for quantitative climate change risk assessments and gain experience with sizing balance sheet exposures to climate change risks.

The stress test covers both sides of the balance sheet by measuring asset- or liability-specific stress impacts, as well as their dependencies for a static balance sheet. We take into account a period up to 2050, which is relevant both for the implementation of key political and business strategies linked to the Paris Climate Agreement and for the onset of increasing global warming and its negative consequences. Impacts are estimated for market stresses, as well as property-casualty and life/health underwriting stresses, using NGFS[1]/IPCC[2] scenario-based data from various sources. NGFS scenarios are selected for this analysis since they are compiled on behalf of central banks and supervisory authorities for financial stress testing, provide pathways for macroeconomic variables in a variety of scenarios representing different levels of transition and physical risk, and are available open source. IPCC Representative Concentration Pathways (RCPs) are the starting point of well-established scientific studies on the development of climate-related hazards in climate change scenarios, which can be adapted for modelling underwriting risks. All entities contributing to the Allianz Group's Solvency II model are in scope for the assessment. The main focus of the analysis is to provide a best estimate for market value balance sheet impacts.

Scenarios

For the current implementation of the integrated climate change stress test, we have considered five scenario narratives from the suite of NGFS reference scenarios. The (1) Net Zero 2050 scenario is determined by an orderly transition to net-zero emissions

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by 2050 following the target to limit global warming to 1.5°C through stringent climate policies at the cost of moderate economic strain in the initial years. The (2) Below 2°C scenario assumes an early and orderly transition to a low-carbon economy, with an unambitious policy target to limit global warming to below 2°C by the end of the century. In this scenario, policy action has limited impact on economic growth. In the (3) Delayed Transition scenario, GHG emissions remain high until 2030, when strong policy measures are taken to limit warming to below 2°C. Physical risks are relatively small in these scenarios over the 2050 time horizon.

The (4) Nationally Determined Contributions scenario includes all pledged climate policies, even if not yet implemented. However, these pledged policies are still insufficient to limit global warming to below 2°C, leading to increasing physical risks. Accounting only for climate policies that were in place before 2019, the (5) Current Policies scenario is characterized by limited transition risks and high physical risks, which start to become more visible over the second half of the projection period.

Methods, assumptions, and limitations

NGFS scenarios are used to obtain financial market variables for application in the market stress module of the integrated climate change stress test. The market stresses themselves are applied to market values of both assets and liabilities of in-scope entities, where a simplified approach is used to assess the mitigation of stress impacts due to policyholder profit sharing. Scenario variables used in the property-casualty and life/health underwriting stress modules are derived from hazard models that are contingent on the IPCC's RCPs 2.6, 4.5, 6.0, and 8.5. For the life/health underwriting stress module, stress variables are based on a study by Gasparrini et al.[1] that projects temperature-related excess mortality under various heat and cold pathways and their net change up to the end of the century. The life/health underwriting stresses are applied to the best estimate of liabilities for biometric risk exposure. The property-casualty underwriting stress module relies on projections for Average Annual Loss under RCP scenarios for a selection of the most climate change-relevant country and peril combinations (i.e., inland flooding, hail and tropical cyclone) developed by NatCat modelling experts at Allianz Re. The property-casualty underwriting stresses are applied to the best estimate of liabilities for NatCat risk exposures.

To separate the impact of climate change risk from trend growth, stress levels are assessed relative to a baseline or counterfactual scenario as defined by the NGFS, a hypothetical scenario in which neither progression of climate change nor the implementation of transition measures is assumed. Furthermore, the calculation of stress impacts is based on instantaneous stresses on the static year-end 2023 balance sheet, without adaptation or mitigation actions from Allianz and its business partners. In particular, internal measures such as contract repricing, deployment of reinsurance strategies, or portfolio steering have not been taken into account, as well as external measures such as public investment in flood defences. Impact estimates from the different stress test modules are integrated based on a matching of global mean temperatures for 2050 between NGFS and IPCC scenarios as well as consideration of the overall scenario characteristics. No diversification between market stresses and underwriting stresses is assumed for the aggregation.

Impact estimates from the integrated climate change stress test rely on scientific research and scenario data that is available and considered relevant as of the current point in time. Nevertheless, the magnitude of outcomes has to be treated with caution when accounting for the significant uncertainties inherent in climate change modelling and the crucial role of assumptions in long-term projections. These include, but are not limited to, uncertainties in the scientific studies underlying the projected distributions of NatCat events, uncertainties in the modelling of macroeconomic impacts of physical risks, as well as uncertainties due to the limitations of climate change scenarios in capturing environmental, social, and economic cascading effects or tipping points. Uncertainties around assumptions for the counterfactual scenario can also have a critical impact on results.

1 Gasparrini et. al. (2017) Projections of temperature-related excess mortality under climate change scenarios, Lancet Planet Health 1(9):e360-e367.

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Results

In terms of the aggregate market and property-casualty and life/health underwriting stress impacts, two key overarching observations may be derived. Firstly, with the exception of the Delayed Transition scenario, cumulative market value balance sheet impacts over the first 5–10 years of the projection period are largely determined by the different levels of transition risk in the scenarios, whereas impacts from physical risks are small in comparison but increase gradually. Secondly, market stress is the largest contributor to overall cumulative market value balance sheet impacts, exceeding the combined contribution from property-casualty and life/health underwriting stresses by a considerable margin.

Expounding upon the above general observations at the individual scenario level, we note the following

- Moderate cumulative market value balance sheet impacts are realized in the Net Zero 2050 scenario, where the initial economic strain subsides rapidly until 2030.
- The orderly implementation of the not too ambitious policy target in the Below 2°C scenario comes with a low transition risk initially. While stress impacts in the long term in the Below 2°C scenario are comparable to stress impacts in the Net Zero 2050 scenario, an overall negative trend compared to the 1.5°C scenario is predicted in the second half of the century due to higher physical risk associated with higher mean temperatures.
- In the Delayed Transition scenario, very low stress impacts materialize in initial years, followed by high cumulative market value balance sheet impacts of (13.6) % after 2035 with the start of the delayed implementation of a policy ambition that is comparable to that in the Below 2°C scenario. Economic recovery is rather slow in this scenario.
- Initial losses from transition risk in the Nationally Determined Contributions scenarios, comparable to losses in the Below 2°C scenarios, turn into losses from physical risk in later years that gradually increase over time.
- In the absence of stringent climate policy implementation, stress impacts are relatively muted until the second half of the time horizon for the Current Policies scenario, similar to the Delayed Transition scenario, where stress impacts from physical risk phase in bringing about moderate cumulative market value balance sheet impacts of approximately (5.5) % in the long term. Beyond this period, both the Current Policies and the Nationally Determined Contributions scenarios are expected to entail even more material losses as impacts from physical risks increase and outweigh transition risk impacts.

Estimated maximum adverse cumulative market value balance sheet impacts in NGFS/ IPCC scenarios relative to a baseline scenario without climate change

Scenario	Long-term 5–20 y
Net Zero 2050	(2.8)
Below 2°C	(2.7)
Delayed Transition	(13.6)
Nationally Determined Contributions	(5.2)
Current Policies	(5.5)

An excerpt from the aggregated stress test results is shown in table "Estimated maximum adverse cumulative market value balance sheet impacts in NGFS/ IPCC scenarios relative to a baseline scenario without climate change". The complete analysis covers the period from now until 2050, whereas the excerpt here shows the estimated maximum adverse impacts over the 5–20 year period, taking into account, amongst other considerations, that the current NGFS scenarios are primarily aimed at modeling long-term climate-economic relationships.

Conclusion

It is apparent from a review of the results of the qualitative risk assessment and consideration of potential risk responses that while some new mitigation measures (such as processes, controls, strategies) tailored to climate change may be necessary, the current risk management approaches are generally either adequate, or only require smaller modifications. For example, with respect to property-casualty underwriting, well-established

03.1 Environmental matters

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techniques such as premium adjustments, changes in coverages, exclusions, expansions, or revisions to risk limits can all be effectively utilized. Despite this conclusion, the consequences in areas where climate change is set to fundamentally transform insurance markets are less predictable and require strategic attention. Fundamental transformation includes aspects such as coverage affordability, the shrinkage of existing markets, or the emergence of new markets, as well as products or coverages encompassing difficult-to-price risks (e.g., similar to industry experience around the emergence of cyber insurance).

From the quantitative perspective, the overall impact estimates derived from the integrated climate change stress test are considered to be within Allianz's risk tolerance, considering both the magnitude of predicted losses and the time horizon over which they materialize. Extending this analysis to a dynamic balance sheet view would further support this assessment; for example, accounting for risk mitigating management actions such as adaptation of derivatives hedging and reinsurance programs, repricing of insurance products, or strategic repositioning of investment and insurance portfolios. The approximate estimates we carried out on the effectiveness of selected management actions confirm this view.

Addressing the immediate effects of climate policy implementation requires the incorporation of climate change-specific measures. These include long-term strategies aimed at aligning investment and insurance portfolios with climate policy targets, as formulated in our transition plan, see our "Transition plan & strategy" section. However, successfully managing an economic crisis that may unfold as an indirect effect of climate policy implementation – e.g., in the Delayed Transition scenario – necessitates having well-established mitigation measures ready and operational, such as limiting or hedging equity and corporate bond exposures, or effective asset liability management.

We will continue to refine our climate change risk assessments in line with the evolving understanding of assessment methodologies and improving data availability and quality, while also accounting for a shifting climatic and political baseline.

03.2 Supplementary environmental disclosure

Table ENV-7

Water consumption

As of December 31		2023	2022	2021
Total water consumption	m^3	1,178,788.0	1,307,990.1	1,237,598.0
Drinking water	%	91.9	93.0	93.0
Rain water	%	0.8	0.8	0.5
Natural water	%	7.3	6.2	6.4
Water consumption per employee	m^3/empl	7.7	8.6	8.4
Water consumption reduction per employee since 2019 Target -10% by year-end 2025	%	-45.1	-38.8	-41.0

Table ENV-8

Waste

As of December 31		2023	2022	2021
Total waste	t	9,768.0	10,838.5	12,064.3
Waste Incinerated	%	35.8	38.7	36.2
Waste Recycled	%	47.2	43.2	46.6
Waste to Landfills	%	16.4	17.8	16.9
Special Waste Treatment	%	0.6	0.3	0.3
Waste per employee	kg/empl	64.0	71.3	81.5
Waste reduction per employee since 2019 Target -10% by year-end 2025	%	-53.4	-48.1	-41.0
% of OEs have "Action on Plastic" in place (on head count basis)	%	67.1	70.7	67.0

Table ENV-9

Paper consumption

As of December 31		2023	2022	2021
Total paper consumption	t	6,663.0	7,317.2	8,466.1
Paper sourced from certified sustainable sources	%	77.3	73.5	76.0
Paper consumption per policy	g/policy	41.6	46.7	54.3
Reduction in paper use per policy since 2019 Target -20% by year-end 2025	%	-48.8	-43.0	-33.0
Total GHG emissions from Paper	tCO_2e	5,647.0	6,258.9	9,232.4

03.2 Supplementary environmental disclosure

Water consumption

45 %

water reduction by year-end 2023 against a target reduction of 10 % per employee by year-end 2025 against a 2019 baseline

(2022: 39 % reduction)

This reduction was achieved through water-saving measures applied across our locations. These measures include the installation of rainwater collection systems at Allianz Türkiye, where collected rainwater is used for toilet flushing and other water supply that does not require drinking-water quality; Allianz Benelux, where water-efficient toilet systems were installed; and Allianz Spain, where automatic taps with motion sensors were installed.

Minimizing our water consumption is a key principle under our Group Environmental Guidelines.

Our office-based operations mostly do not result in significant water use but we understand the increasing need to use water efficiently, especially considering the impacts of climate change.

This is especially important in areas at risk of water stress such as India and Singapore.

Approximately two-thirds of Allianz employees are situated in countries with medium to extremely high water-stress.[1]

Managing waste

53 %

waste reduction in 2023 against a target reduction of 10 % per employee by year-end 2025 against a 2019 baseline

(2022: 48 % reduction)

We aim to minimize the waste we generate and to re-use and recycle materials wherever possible.

Our office-based operations mostly generate household-type waste. Waste reduction awareness campaigns are in place across Allianz entities to encourage behavioral change in this area.

Tackling waste from single-use-plastic has become a particular focus. We have developed global guidelines to systematically work towards operations that are free from single-use plastic.

We introduced this topic in our reporting for the first time in 2021. We have defined "Action on plastic" measures at three levels:

Level 1: Assessment of baseline usage of single-use plastic across our operations.

Level 2: Definition of targets and action plans per operating entity, including allocation of resources and launch of implementation.

Level 3: Progress assessed and reported to the project management sponsor, action plan checked and reviewed within reporting period.

67 % of operating entities (by headcount) had completed at least level one by the end of 2023 (2022: 71 %).

Allianz is also partnering with international marine conservation organizations to support the removal of plastic from oceans and rivers.

› **For more information on our corporate citizenship activities see section 04.4 Corporate Citizenship.**

Reducing paper use

49 %

reduction in paper use by year-end 2023 against a target reduction of 20 % per policy by year-end 2025 against a 2019 baseline

(2022: 43 % reduction)

Paper use at Allianz is mainly linked to external communications (e.g., marketing and customer communications) with a smaller amount used for internal office printing.

Our efforts to reduce paper consumption are underpinned by the shift to digital communication.

Looking ahead, we will seek to maximize the share of paper we use that comes from certified sustainable sources, which accounted for 77 % of our paper in 2023 (2022: 74 %).

1 According to our most recent assessment conducted in 2019.

03.2 Supplementary environmental disclosure

Assessment of 2025 Intermediate Targets for Proprietary Investment Portfolio

The following table shows our progress towards the legacy targets we had set for parts of our proprietary investments portfolio for the target year 2025 in our net-zero by 2050 journey. This table will not be shown in subsequent reporting years as those targets have been superseded by the 2030 targets which are outlined in chapter "03.1 Environmental Matters" table.

Target Type	2025 Targets (as published in January 2021)	Base Year 2019	Current Year 2023	Assessment
Quantitative Sub-portfolio targets	Corporate Bonds & Listed Equity: -25 % absolute owned GHG emissions (Scopes 1+2)	• 24.9 mn tons of CO_2e[1]	• 14.0 mn tons of CO_2e	• Achieved; 44.2 % reduction as of Q4 2023 versus Q4 2019: Δ EVIC[2]: -12.1 % Δ Allocation: -28.6 % Δ Emissions: -3.5 %
	Infrastructure Equity: -28 % absolute carbon reduction	• 0.6 mn[3] tons of CO_2e	• 0.4 mn tons of CO_2e	Achieved; 36 % reduction as of Q4 2023 versus Q4 2020
	Real Estate: Fully owned real estate portfolio[4] aligned with 1.5 degree pathways of CRREM[5]	• 67.5 $kgCO_2e$/sqm	• 33.7 $kgCO_2e$/sqm	Achieved; 50 % reduction as of Q4 2023 versus Q4 2020
Other Sub-portfolio targets	• Infrastructure Equity: – Full transparency on financed emissions latest by 2023			• Achieved
	– New direct investments in high emitting assets only in case a 1.5°C aligned decarbonization plan in place			• Achieved
	• Funds and Private Debt[6]:			• On track
	– All investments: Carbon transparency on financed emissions latest by FY 2024 reporting			
	– New investments:			
	– Phase in of net-zero targets by 2025			• On track
	– E.U. CREL: targets aligned with 1.5°C pathways of CRREM[5]			• On track
	– Infrastructure debt in high emitting assets only in case a 1.5°C aligned decarbonization plan in place			• On track
	– Existing assets: engagement approach			

1 CO_2e refers to carbon dioxide equivalent, which includes CO_2 and other greenhouse gases.
2 Enterprise Value including Cash.
3 Internal Estimation.
4 Direct and Joint Venture.
5 CRREM: Carbon Risk Real Estate Monitor.
6 Asset classes: Infrastructure debt, infrastructure funds, real estate funds, private equity funds and E.U. CREL.

03.2 Supplementary environmental disclosure

Assessment of 2025 Targets continued

Target Type	2025 Targets (as published in January 2021)	Base Year 2019	Current Year 2023	Assessment
Engagement	• Coverage of Top 30 (non-aligned) emitters in portfolio			Achieved; bilateral engagements ongoing.
	• Full participation in all available AOA organized sector and asset manager engagements			
	• Increase engagement activities by 100 %			
Sector Targets	**Oil & Gas:**			
	• 50 % of Asset under Management to set net-zero 2050 targets and	• Ca. 40 %	• Ca. 43 %	• Not yet achieved; Data availability is bad for smaller companies and few additional O&G companies committed to net-zero in past two years. We estimate 43 % of our O&G AuM to have net-zero targets as of year-end 2023. Overlap with Allianz Oil & Gas Policy becoming effective as of 2025.
	• Aim for upstream intensity of 20 $kgCO_2e/boe$[1] for Scope 1+2 in line with OGCI[2]	• N/A	• N/A	• Not yet achieved due to data unavailability and low data quality (O&G production intensities). Multiple efforts with existing and potential data providers were attempted to get access to reliable upstream intensity values without success to date.
	Utilities: Increase exposure to renewable energy by 5.85 % per year (IRENA[3] global pathway)			
	• Direct debt	• EUR 2.9 bn	• EUR 2.8 bn	• Direct: Not yet achieved due to unfavorable market developments.
	• Direct equity	• EUR 4.3 bn	• EUR 4.7 bn	
	• Indirect	• N/A	• N/A	• Indirect: Not available for indirect investments in utility companies due to low data quality from data providers.
	• Coal phase out in line with 1.5 degree pathway			• Coal phase out on track.
Climate Solutions (prev.: "financing transition")	• Blended finance 4–5 new vehicles			• Achieved, so far 4 new blended finance vehicles.
	• Start investing into e.g., Forestry, Hydrogen and other			• Forestry and Hydrogen done.

1 BOE: Barrel of oil equivalent.
2 OGCI: Oil & Gas Climate Initiative.
3 IRENA: The international Renewables Energy Agency is an intergovernmental organization supporting countries in their transition to a sustainable energy future.

03.2 Supplementary environmental disclosure

Overview of climate scenarios applied by Allianz Group

For our scenario analyses we use multiple scenarios with differing average warming by the end of the century, incl. 1.5°C. Applying a range of scenarios allows us to better assess the variety of risks and opportunities associated with climate change also as scenarios and underlying models have different assumptions and scenario narratives. The table below shows an overview of the most important external scenarios we use. You can read more on our approach to climate risk assessment in the chapter 03.1 E1 Climate change.

Aspects covered	Scenarios used	Scenario provider
Transition and physical	• Net-zero 2050 • Below 2°C • Delayed Transition • Nationally Determined Contributions • Current Policies	Network for Greening the Financial System (NGFS)
Transition	• 97 C1 scenarios in Assessment Report 6 (no and low overshoot)	Intergovernmental Panel on Climate Change (IPCC) (building on multitude of scenario providers)
Transition	• Net-zero by 2050 (NZE2050) • Sustainable Development Scenario (SDS) • Beyond 2° Scenario (B2DS) • Stated Policies Scenario (STEPS) • 2° Scenario (2DS)	International Energy Agency
Transition	• One Earth Climate Model (OECM)	University of Technology Sydney
Transition	• Required Policy Scenario (RPS) • Forecast Policy Scenario (FPS)	Inevitable Policy Response
Physical	• Representative Concentration Pathway (RCP) 2.6 • RCP 4.5 • RCP 6.0 • RCP 8.5	IPCC