Allianz

ALLIANZ GROUP

Building confidence in tomorrow

Sustainability Report 2022

We secure your future

Our purpose – 'We secure your future' – informs all our decisions every day and shapes our approach to sustainability. The very nature of what we do contributes to creating secure and sustainable economies and societies – pooling, investing and managing risks to help protect and grow lives, assets, and businesses.

We create positive social and environmental impact through the way we run our organization and by using our insurance, investment, and asset management expertise. With our competence, expertise and global footprint, we have the ambition to be a catalyst for sustainable growth in the financial services industry and beyond. And we know that we cannot do it alone.

Living our purpose depends on relationships. We believe that the best way to secure a better future is through strong partnerships. As one of the largest financial institutions in the world, we aspire to be a trusted partner. Your trusted partner.

We partner with people, companies, institutions, and governments around the world to multiply sustainable action. We engage in public-private and peer-to-peer partnerships to mitigate climate change, create economic growth, and support social resilience in communities. And we partner with our customers – individuals, families, and companies – to help them prepare for the future and support them in making sustainable choices.

> **For more details, please see section 05.3 Stakeholder engagement.**

What we mean by 'sustainability'

First, let's be clear what we mean by sustainability. We define a 'sustainable society' as one in which all members meet their own needs without compromising the ability of future generations to meet their coming needs. Sustainability means leveraging and protecting our natural, social, and economic resources in a way that allows everyone to enjoy a decent life.

Importantly, this understanding of sustainability can be based on and verified by science. We can for example now scientifically see whether wealth is gained or lost, whether ecologies flourish or die and whether students are educated and ready for future jobs, or not.

Such a framework highlights the collective effort needed to drive change – governments, NGOs, the private sector, academia, and individuals all have a role. Unfortunately, given how ecological barriers have already been breached and social needs not met, our current global society is far from being a sustainable one. Much work and transformation is needed to provide future generations with a sustainable basis.

Our role in this transformation is a natural one, guided by our purpose. Allianz has been securing the future of our customers since our founding in 1890. We've learned from our history but are motivated by the challenges and opportunities of today and our future potential. Our ambition is to grow and prosper for generations to come. And our growth depends on the growth of sustainable economies around the globe. In short, sustainability is both responsible stewardship and in our commercial interest.

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

About this report

Our reporting approach

This report is designed to meet the information requirements of our stakeholders, relevant regulations and sustainability rating and benchmarking providers. It focuses on the concepts and key performance indicators (KPIs) that reflect our most material sustainability issues and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. The new GRI Standard's update 2021 was adopted for the first time.

In line with our sustainability integration approach, responsibility for sustainability reporting lies with Group Accounting and Reporting which works closely with Global Sustainability to produce this report.

For more details, please see the updated GRI content index.

Communicating our performance

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

As part of our commitment, following the description of our sustainability approach and strategies, we structure our annual Sustainability Report in two main sections, both of which are equally important for communicating our approach to material sustainability issues:

Measuring and managing our performance

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

Strengthening our foundation

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

For further information about our approach to reporting, please see section 05.2 How we report: transparent reporting, ratings and performance.

We disclose our performance in several ways:

Through tables and charts throughout the report.

Data tables in the beginning or within each major chapter, which are referenced using a circle icon. We use the same numbering as last year to facilitate comparability. Conversely, this means that the numbering of the tables is not always ascending. (example – table ESG–1).

References to external links are tagged using this icon.

References to sections within the report are tagged using this icon (forward arrow).

Our reporting ecosystem

We pay special attention to transparency and making content easy to find.
This report is part of a broader reporting ecosystem which covers sustainability topics relevant to Allianz Group.

This year's publications include:

- **Allianz Group Non-financial Statement** – Based on European Non-Financial Reporting Directive and non-binding guidelines for non-financial reporting on pages 57–75.
- **Analyst Presentation** – Presentation of Group financial results including non-financial KPIs to analysts.
- **Explanatory Notes** – Detailed collection including definition of our sustainable investment strategy, carbon footprint from our proprietary investments and own operations.
- **Non-financial Supplement** – Complete overview of sustainability-related KPIs. Published in Excel and PDF format.
- **People Fact Book** – Key Human Resources facts and figures, achievements in 2022 and an outlook for 2023.
- **Tax Transparency Report** – Find out more about our approach to taxes and relevant tax data on a country-by-country basis.
- You can find out further sustainability reports and publications in the download center on our website.

Contents

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

01 Introduction and strategy

The very nature of what we do contributes to creating secure and sustainable economies and societies – pooling, managing risks and investing to help protect and grow lives, assets and businesses.

01.1 Message from the CEO

Building confidence in Allianz

2022 was supposed to be the year that the world would return to "business as usual," as we started to recover from the depths of the COVID-crisis. Instead, new challenges to society mounted: the invasion of Ukraine in February 2022 created the biggest humanitarian crisis in Europe since WWII, forcing millions of people out of their homes and inspiring the rapid mobilization of will and resources to help them. Global economic growth slowed as tangible effects of climate change increased: a warming world experienced more frequent and severe natural catastrophes. Intersecting geopolitical, economic, and environmental challenges are weighed on individuals, institutions, and communities around the globe. Polarization in society became more entrenched and linked to negative financial outcomes for people, affecting their optimism and outlook on our future.

2022 was also a year that proved the resounding value of sustainability. How an organization acts on matters of sustainability affects its ability to grow, access capital, attract talent, and enhance customer loyalty. Sustainably managing an organization's resources and collaborating with partners earns trust and fosters stability in times of social, economic, and environmental volatility.

Allianz's strong financial performance in 2022, our outstanding employee engagement results, and our status as Interbrand's highest-ranked insurance brand in the world reflects our resonance with stakeholders, our reliability, and our resilience as a company.

This report brings together our ambition, strategy, commitments, and contributions to shape a more sustainable future. It details the work done across Allianz in 2022, in collaboration with our many partners, that helps build, grow, and protect more resilient lives, businesses and economies. In these pages, you'll read about our **operational progress towards net-zero** and our business strategies to deliver climate solutions, such as adjusting our thermal coal investment and underwriting strategy to be more inclusive of low-carbon energy efforts. You will learn about our many programs to bring **education** and **job training** to the most vulnerable members of society, with a focus on preparing talented youth and people with disabilities for employment in a transitioning economy. And you'll read about our industry leadership in **blended finance** and how we use it to unlock the power of public and private investment capital at scale, helping to build sustainable economies in developing and emerging markets.

01.1 Message from the CEO

Success in all these efforts is powered by the engagement of our employees. Having a qualified and diverse workforce is a prerequisite for being a trusted sustainability leader in our industry and beyond. This fact led us to introduce a global skills curriculum – Allianz Sustainability Training – a promising start to providing all employees with the understanding and tools needed to become Allianz's sustainability ambassadors around the globe and to help lead Allianz into the transition economy.

Further to our workforce development, we are applying our leadership and commitment to diversity, equity and inclusion, serving as an Iconic Leader of Valuable500 and as part of United Nations' Human Rights Free & Equal LBGTI charter and its Women's Empowerment Principles charter. In this report, we will detail the commitments we have made and the recognitions that we have earned in this important driver of sustainable performance.

Our ambition is to be the trusted partner of our stakeholders, using our global scale and skills to help to solve society's most pressing issues. At the same time, we know that we cannot change the world overnight or alone. We look forward to continuing to bring Allianz's commercial expertise and scale to the table with policymakers, non-governmental organizations, and investees, to create solutions at the societal level and build community as well as individual resilience.

Each of us is learning a little more every day and every year to shape our world for the better. We hope this inspires you to join us in these efforts. Please enjoy reading this Allianz Sustainability Report. We are in this together.

Sincerely yours,

Oliver Bäte

Oliver Bäte

Chairman of the Board of Management

Allianz SE

01.2 Highlights 2022

The following tables follow the logic of the International Integrated Reporting Council (IIRC) and provide an overview of the highlights of the reporting year.

IIRC capital categories	Outputs 2022		Outcomes	
Manufactured	**€ 131.5 bn** sustainable investments (proprietary investments)	**€ 1,282.9 mn** revenues from sustainable solutions for P&C	In 2022, we increased our proprietary sustainable investments to EUR 131.5 bn from EUR 123bn in 2021. We expanded the scope to include supranationals we label as sustainable in line with EU SFDR Article 2 (17) requirements.	In 2022, we generated revenues totaling €1,282.9 mn from 103 Sustainable insurance solutions and from Insurance solutions with a sustainability component through our Sustainable Solutions program in P&C. (2021: € 1,215.6 mn from 118 solutions)
Financial	**€ 14.2 bn** operating profit **€ 6.7 bn** shareholder net income	**€ 2.5 bn** corporate income tax	**Operating profit** increased 5.7 percent to 14.2 billion euros. **Net income attributable to shareholders** increased 1.9 percent to 6.7 billion euros.	Corporate income tax: Fair, effective and stable tax payments are beneficial for both government and companies.
Intellectual	**Allianz Risk Barometer** published	**DJSI: Top 5**[1] (89 out of 100 points) **USD 18.7 bn** Brand value	The **Allianz Risk Barometer** is our annual report identifying the top corporate risks for the next 12 months and beyond, based on the insight of more than 2,712 risk management experts from 94 countries and territories.	Allianz received the 3rd highest score among the insurance industry in DJSI (S&P Global's 2022 Corporate Sustainability Assessment (CSA)) with a score of 89/100 keeping the score equal to 2021, despite the impact of the Structured Alpha matter. Brand value up 23% to USD 18.7 bn (Source: Interbrand Best Global Brands Ranking 2022).

1 Top 5 of assessed companies, which are DJSI eligible at industry level; 3rd with a score of 89/100 – (score date 09th December 2022); 2022 achievements as per results of 31st December 2022.

01.2 Highlights 2022

IIRC capital categories	Outputs 2022		Outcomes	
Social and relationship	57 mn **Emerging Consumers reached** 58% **NPS (Customer loyalty)**	€ 42.82 mn **Corporate Giving**	We insured 57.2 mn Emerging Consumers in 12 countries across Africa, Asia and Latin America in 2022. Organic portfolio growth across markets largely offset the maturity of government health schemes in India which had contributed 15.5 mn insured in 2021. Business segments with a net promoter score of Loyalty Leaders.	In 2022 our Corporate Giving totaled € 42.8 mn. Our humanitarian efforts for Ukraine resulted an increase of our total corporate giving in 2022 (€ 28.2 mn in 2021). **Social Impact Fund** is our program supporting strategic opportunities to deliver social impact.
Human	76% **Employee Engagement Index** 79% **IMIX (Inclusive Meritocracy Index)**	38.8% **Female managers**	In 2022, two of the three main indices in the Allianz Engagement Survey (the Inclusive Meritocracy Index and the Work Well Index) reached record highs in Allianz Group history and the third index (the Employee Engagement Index) remained stable at the second highest level. Our high standards in leadership, performance and corporate culture are reflected in the high rating in the **IMIX** (+1%p compared to 2021).	The **share of women** has continuously increased to 38.8 percent in 2022 among managers (by +0.6%p compared to 2020) and to 32.4 percent among executives (i.e., top management, by +2.0%p compared to 2020).
Natural	89% **renewable electricity of own operations** 1.0 t CO_2e **per employee carbon footprint of own operations**	16.2 mn t CO_2e **carbon footprint of proprietary investments (listed equities and corporate bonds)** 46.5 mn t CO_2e **Total GHG emissions**[1]	**+12%-p 89%** share of **renewable electricity,** up from 77% in 2021. Increase vs. 2021 was mainly achieved through a combination of strategic discussions with suppliers on 'green tariffs', expanding the use of on-site renewable technologies and the use of 'unbundled' renewable Energy Attribute Certificates. **-57% GHG emissions per employee in 2022 vs 2019. +8% Carbon footprint per employee** from operations increased from 0.9 tons CO_2e in 2021 to 1.0 tons CO_2e in 2022. 2022 saw an increase in business travel vs 2021, explaining the increase in carbon footprint per employee. 2021 was particularly impacted by COVID-19-related drops in business travel.	**Carbon footprint of proprietary investments (listed equities and corporate bonds):** -13% versus 2021 leading to an over achievement of our end of 2024 -25% absolute financed emissions decarbonization target (total -34.9% versus 2019). This was driven by allocation changes, real world emission reductions as well as changes in enterprise values. **Total GHG emissions** increased from 19.3 mn t CO_2e GHG emissions in 2021 to 46.5 mn t CO_2e in 2022. This was mainly driven by the scope increase in our proprietary investment portfolio (+ 30.1 mn t CO_2e).

1 Total greenhouse gas (GHG) emissions include emissions from proprietary investments and own operations.

01.3 Company description and strategy

Allianz Group is one of the world's leading insurers and asset managers with 122 million private and corporate customers[1] in more than 70 countries.

Our customers benefit from a broad range of personal and corporate insurance services ranging from property, life and health insurance to assistance services to credit insurance and global business insurance with total revenues of € 152.7 billion.

As one of the world's largest investors, Allianz manages around € 701.1 billion on behalf of its insurance customers. Our asset managers – PIMCO and Allianz Global Investors – manage € 1.6 trillion of third-party assets.

In 2022, 159,253[2] employees achieved total revenues of € 152.7 billion[3] and an operating profit of 14.2[4] billion for the Group.

Our strategic objectives:

- **Growth:** We consistently seek to capture growth opportunities for our business, and to create growth opportunities for our employees. This is how we ensure our leading market position. Due to our full breadth of products and services, we offer comprehensive solutions that meet our customers' needs and make us a trusted partner.
- **Margin expansion:** We need to be profitable and efficient. To do so, we are continuously improving our productivity, including in our distribution channels, while seeking to grow in high margin business segments. Additionally, we will continue our transformation to be more simple, digital and scalable.
- **Capital efficiency:** We consistently seek ways to use our capital in the most effective way and take actions when it falls below our RoE threshold.

Thanks to our systematic integration of sustainability criteria in our business processes and investment decisions, we are among the leaders in the insurance industry in the Dow Jones Sustainability Index.

For further details about the group's Corporate Strategy, please see the Allianz Group Annual Report 2022, section Risk and Opportunity Report p. 102 f. and the materials published as part of our Inside Allianz Series.

1 Including non-consolidated entities with Allianz customers and excl. emerging consumers.
2 Total employees (core and non-core business).
3 Total revenues comprise Property-Casualty total revenues (gross premiums written, and fee and commission income), Life/Health statutory gross premiums written, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).
4 For details about Allianz Operating Profit definition, please refer to the Group Annual Report – Notes to the consolidated financial statements, note 4.

01.4 Our sustainability approach

Our purpose – 'We secure your future' – informs all our decisions and shapes our approach to sustainability. The very nature of what we do contributes to creating secure and sustainable economies and societies – pooling, investing and managing risks to help protect and grow lives, assets, and businesses.

We create positive social and environmental impact through the way we run our organization and by using our insurance, investment, and asset management expertise. With our competence, expertise and global footprint, we have the ambition to be a catalyst for sustainable growth in the financial services industry and beyond. And we know that we cannot do it alone.

U.N. SDGs guide towards sustainability

The work we do in helping to build a sustainable society is guided by the United Nations (U.N.) Sustainable Development Goals (SDGs).

While all the SDGs are important, we prioritize:

SDG 8, Decent work and Economic growth;

SDG 13, Climate Action;

SDG 17, Partnerships.

These align with our insurance and financial expertise and strategic business priorities. We believe this strategic focus best leverages our strength and scale for maximum impact, for both our business and society.

SDG 8 is in line with our aspiration to be a trusted partner for protecting and growing our stakeholders' most valuable assets, SDG 13 is in line with our commitments to net-zero by 2050 and SDG 17 is in line with our belief that progress in reaching sustainability goals requires collaborative global action, beyond company boundaries.

Embedding sustainability everywhere

Success in reaching any goal requires effective measurement. As we learn and advance on our journey, we are fully integrating sustainability into our decision-making.

Traditional financial metrics and sustainability information will become the basis of our combined performance measurement. This measurement approach will accelerate behavioral and cultural change in our organization.

If all decisions are made and measured with sustainability front and center, we will enhance how we manage risks and capture opportunities. It also drives us to create new sustainable products and services, collaborate with NGOs and governments, clients, and investee companies to direct capital flows towards sustainable outcomes, and ultimately deliver scalable, real-world benefits.

Our journey towards fully integrating sustainability into all aspects of the Allianz organization is ongoing and dynamic. We don't have all the answers and there is still much to learn as the field continues to rapidly evolve.

In this context, a qualified workforce is a prerequisite for being a trusted sustainability leader in our industry and beyond. This led us to introduce a global sustainability training curriculum, the Allianz Sustainability Training, – a promising start to provide all employees with the understanding and tools needed to become Allianz's sustainability ambassadors around the globe.

01.4 Our sustainability approach

Stakeholders demand change towards a sustainable economy & society within planetary boundaries

Overshoot

Ecological Barriers

Overuse of natural resources, possibly leading to tipping points

- Climate change
- Freshwater change: green water
- Stratospheric ozone depletion
- Atmospheric aerosol loading
- Ocean acidification
- Biogeochemical cycle
- Novel entities*
- Land system use
- Biosphere integrity

Sustainable economy & society

Social Minimum

Resources that a person needs in order to lead a minimally decent life in their society; examples showcasing a broad scale

- Health
- Energy
- Water
- Food
- Education
- Gender Equality
- Social equity

Under-delivery

Customers

Employees

Shareholders

Governments

The model does not reflect Allianz. Source: Planetary boundaries – Stockholm Resilience Centre, Doughnut | Kate Raworth, Home | Sustainable Development (un.org).

* The novel entities boundary in the planetary boundaries framework refers to entities that are novel in a geological sense and that could have large-scale impacts that threaten the integrity of Earth system processes. Source: Outside the Safe Operating Space of the Planetary Boundary for Novel Entities | Environmental Science & Technology (acs.org).

01.5 Our climate approach

As one of the world's largest insurers and investors, we are committed to limiting global warming and fostering a just transition to a low-carbon future.

We seize opportunities to drive decarbonization and climate resilience through our resources, partnerships, expertise, and influence. Our ambition is to be a trusted partner for our clients and investees across different sectors in the transition towards net-zero.

Our climate approach is grounded in the Allianz Group Climate Change Strategy, which has been in place since 2005. With a special focus on SDG 13, Climate action, we integrate climate considerations in our organization and across our business areas.

We further strengthen our climate action by collaborating with private and public partners, in line with SDG 17, Partnerships for the goals. Examples of partnerships include our work with the U.N.-Convened Net-Zero alliances: Net-Zero Asset Owner Alliance (NZAOA), Net-Zero Insurance Alliance (NZIA). Allianz Global Investors is part of the Net-Zero Asset Manager initiative (NZAM, not U.N.-Convened).

Our Climate Change Strategy

Allianz has had a Climate Change Strategy in place since 2005. With the rapid development of knowledge on climate-related matters, we continually review our strategy to ensure it is in line with the latest science. The strategy is built around the three pillars, through which we can have an impact: **Anticipate. Care. Enable.**

Anticipate the risks of a changing climate

Our climate strategy aims to anticipate the risks of a changing climate and we systematically consider climate and sustainability criteria in our insurance and investment business.

We constantly update and develop our approach to identifying and managing climate change risks and opportunities. We also systematically engage with investee companies and clients exposed to high climate and sustainability risks. Our engagement process includes advice and encouragement on how to define and pursue climate strategies in line with the latest science.

Care for our customers

We support our insurance customers in reducing their climate-related damage and risks through adaptation and low-carbon developments. This is particularly important as natural catastrophes increase due to climate change.

We are piloting new approaches that combine insurance protection with measures that strengthen resilience and promote positive behavior change. This includes incentivizing people and businesses to reduce risk, for example through advice programs.

On the insurance side, we invest in data and technology to better understand the natural catastrophe perils that impact our clients.

Because many people still do not have any insurance, we also collaborate with our peers, governments and civil society to help close the protection gap in vulnerable parts of society.

Finally, we support scientific research and innovation that improves society's understanding of climate-related risks, for example through the Allianz Climate Risk Research Award.

Enable the low-carbon transition

We aim to enable the journey to net-zero for our own operations, our investees, and our insurance customers. Our ambition is to be a trusted insurance and investment partner for a wide range of industries and customers at varying stages along their net-zero transformations.

Our business strategy aims to systematically enable a low-carbon and climate-resilient future. We focus on key sectors with high emissions and the need for transformation.

The energy and transportation sectors are prime examples. We aim to strategically invest in low-carbon assets and insure low-carbon technologies.

Grounded in our belief in science-based decision making, we support partners, investees, and clients along the path to net-zero.

To be the change we want to see in the world, we also commit to pursuing net-zero emissions within our own operations.

> **Find out more about climate in our business activities in sections 02.1 to 02.3 and in our own operations in section 02.6.**

> **Find our climate-related financial disclosure in chapter 03.**

01.5 Our climate approach

Our climate commitments and contributions

Our climate approach is an integral part of our core business. By committing to net-zero greenhouse gas (GHG) emissions by 2050, we are working to set long-term and intermediate targets across our operations and business lines in line with the 1.5°C ambition[1] of the Paris Climate Agreement.

In view of our overall goal to create positive change for societies and economies, we will continue to integrate climate action across all business areas and markets to deliver on our net-zero commitments.

- For our proprietary investment portfolio, we have committed to reduce GHG emissions to net-zero by 2050. Our intermediate 2025 targets initially covered listed equities, corporate bonds and real estate. We are constantly expanding the scope of targets in line with the Target Setting Protocol of the Net-Zero Asset Owner Alliance (NZAOA), of which Allianz was one of the founding organizations and holds the Chair. The initiative is led by the U.N.

  > **For full list of targets, please see section 02.2.2.**

- For our insurance portfolio, we were one of the founding members of the Net-Zero Insurance Alliance (NZIA). We are working on the targets and methodologies within the NZIA. These methodologies were published in January 2023 and Allianz and other members will now set their first near-term targets. The initiative is led by the U.N.
- In 2022, we published our new approach for the oil and gas sector, including targeted restrictions for oil and gas projects and unconventional practices, as well as expectations for companies in this sector.

> **Find out more in section 03.2.**

Allianz statement on oil and gas business models.

- We continue to gradually phase out coal-based business models across our proprietary investments and P&C portfolios, with a 2040 deadline at the latest. The milestones for this phase-out have been derived from leading climate scenarios which keep global warming by the end of this century to 1.5°C with limited temperature overshoot.

  The next step is the tightening of the exclusion threshold for coal-based business models to 25 percent by December 31, 2022.

  > **For details see section 03.2.**

- For our own operations, we announced the acceleration of climate targets with reduction of GHG emissions by 50 % by 2025, versus 2019, and net-zero by 2030. We plan to achieve these targets by strengthening our environmental management and sourcing 100 % renewable electricity by 2023, shifting to electric corporate car fleet by 2030, and reducing GHG emissions from travel activities by 40 % by 2025.

  > **For details see section 02.6.**

- In addition, we advocate for strong climate policy. A supportive policy environment is crucial to ensure the viability of a socially-just transition to climate resilience and net-zero emissions. Without decisive action by governments, there will be insufficient frameworks and market incentives to bring down demand for emission-intensive products and to allocate capital in line with a 1.5°C trajectory.

  > **For details see section 03.2.**

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

  > **For more information, see chapter 03.**

- In the fight against global warming, any additional unit of renewable energy is needed. Therefore, we are revising our thermal coal guideline to allow ring-fenced insurance of renewable energy projects not looking at legacy business of the utility.

  Find out more in our Energy guidelines.

1 We are managing towards 1.5°C in line with pathways which do not overshoot 1.5°C or only to a limited extent (so called low/no overshoot pathways).

01.6 Our social approach

Our ambition

Our roots in insurance make us naturally focused on the social aspect of sustainability. Through the collective pooling and diversification of risk mitigates the impact that events can have on individuals, families, businesses and organizations.

By mitigating risk and providing financial security, insurance becomes a prerequisite for sustainable social or economic activities like owning or renting a home, pursuing leisure activities or running a business.

Through our core business of providing risk protection and investing funds for the long-term, we help lives, businesses and society to evolve by being more resilient.

Our purpose and business experience led us to prioritize SDG 8, Decent Work and Economic growth, in our social approach with a particular focus on education and employability. Our work to support societies (SDG 8) and on climate (SDG 13) is linked and mutually enhances our positive impact.

€ 14.0 bn

Paid in wages by Allianz in 2022
(2021: € 13.3 bn)

€ 19.5 bn

Total tax contribution in 2022
(2021: € 17.9 bn)

45.2

Average training hours per employee contributed by Allianz in 2022
(2021: 34.7)

Our social strategy

Through our social strategy, we deliver to customers, employees and society:

1. **Customers:** Value delivered in insurance, investment and asset management.
2. **Employees:** Workplace and culture.
3. **Corporate citizenship:** Supporting social resilience for the people who live and work in the communities in which we operate. We focus especially on the support of next generations and people with disabilities.

1. Customers

Our success is measured by the trust our customers, partners and society has in us to competently deliver our expertise. The essential nature of our expertise helps protect society, by providing recovery from unexpected shocks, peace of mind, and financial security that fuels growth.

Across our value chain, we enable social resilience and positive social impact through our sustainable products and solutions in insurance and asset management, investments in sustainable projects and transformative public-private partnerships.

By sharing our core business knowledge in insurance, investments and asset management, we work with others to create stronger social solutions to challenges.

For example, we support our insurance customers to adapt to climate risks and minimize damage. And we encourage the net-zero transition by insuring low-carbon developments. This is particularly important as we see more frequent and damaging natural catastrophes due to climate change. We are also piloting new approaches that combine insurance offerings with measures that strengthen resilience and positive behavior change.

We reach 122 million customers[1] globally. Our ambition is to earn and maintain their trust and loyalty by delivering quality products, services and expertise.

Customer experience is extremely important and we measure customer loyalty using the globally recognized Net Promoter Score (NPS). Our digital NPS (dNPS) score of 58 % Loyalty Leader segments indicates that our customers trust us and are willing to recommend Allianz to others.

> **To find out more on our approach to customer satisfaction, please see section 02.5.**

For more information about our approach to investors, please see our Analyst Presentation 2022 as well as our Group Annual Report 2022.

1 Including non-consolidated entities with Allianz customers and excluding emerging consumers.

01.6 Our social approach

We also bring commercial expertise and global scale to the table for civil society, non-governmental organizations (NGOs) and investees. We listen to their feedback, needs, and recommendations and collaborate on creating social solutions and resilience.

> **To find out more about our engagement with stakeholders, please see section 05.3.**

2. Employees

Only by working well together can we achieve good results, inside and outside of Allianz. Prioritizing employees in our sustainability efforts begins with creating a thriving and inclusive culture of continuous learning and development where employees are competent, confident and excited to grow and work.

Our Inclusive Meritocracy Index of 79 % for 2022 (see section 02.4) shows a high employee approval rating of Allianz's culture. The rating affirms our efforts to create a work environment where people and performance matter, where there is mutual trust and empowered collaboration, where diversity is appreciated and where customer satisfaction is a high priority.

To successfully deliver, we must attract, develop, and retain qualified talent. Our talent strategy enables a virtuous cycle of social resilience and economic prosperity in the markets in which we live and operate.

To develop a thriving employee culture at Allianz, we prioritize the following areas[1]:

Education

Lifelong learning and professional training and development secures the competencies needed in a fast-changing world and work environment. We see upskilling and reskilling our workforce as a pre-requisite for long-term success, including through Strategic Workforce Planning.

To drive excellence in our core business of insurance, Allianz offers professional development that helps create a high standard of underwriting, pricing and claims excellence. Through the Property & Casualty (P&C)-Academy accreditations which are adhering to international standards and are certified by the Chartered Insurance Institute (CII), we strengthen and support our ability to scale the global know-how and best practices for which Allianz is known.

1 Further key priorities: Employee Engagement (Allianz Engagement Survey), Ways of Working (in particular hybrid working), 02.4.2 Strategic workforce planning and 02.4.4 Talent acquisition and employee engagement.

Our employees also educate us to better understand and fulfill the needs of our increasingly diverse customer base. Their feedback and engagement validate our investment in education and development programs.

Diversity, equity and inclusion

A thriving working environment is one that is welcoming and inclusive. We drive gender balance and promote an inclusive culture along other dimensions, such as disability, nationalities/ethnicities, generations and LGBTQ+. This is evidenced by our leading position in the Refinitiv Index for Diversity and Inclusion and in the German Diversity Index.

Health, safety and well-being

The health, safety and well-being of our employees is of utmost importance to support a thriving culture. With the pandemic casting a spotlight on the importance of physical health and mental well-being, we have introduced various new measures to support employees.

In 2021, we launched our global Health in Action framework which aims to reduce work-related stress. In 2022, our Work Well Index Plus (WWi+) score was two percentage points above the 2021 result of 69 percent.

> **For more details, please see section 02.4.**

For more details, please see the Allianz People Fact Book 2022.

3. Corporate citizenship

Our social impact comes through our 122 million customers and over 159,000 employees living and working in their communities in more than 70 countries.

Allianz's social impact stems from the impact our business and global organization has on the well-being of the community – from global society to local communities.

Through our employee compensation, healthcare and other benefit programs, Allianz serves an important stabilizing role in communities. Our tax payments support the local economies where we operate.

As part of our social approach, our Corporate Citizenship Strategy supports how we deliver our responsibility towards society. Many employees actively contribute in their communities. Allianz employees around the world take part in local corporate citizenship programs and volunteering through initiatives run by local operating entities and our twelve Allianz-affiliated foundations.

> **For details see section 02.7.**

01.6 Our social approach

This shows for example by the Managing Disability platform launched by Fondazione Allianz UMANA MENTE to promote a positive disability culture in Italy and foster a more inclusive workplace.

Next generations and people with disabilities

For next generations and people with disabilities we are focusing on SDG 8, supporting employability. We support this through our corporate citizenship approach which focuses on education and physical activity and deliver through our corporate citizenship areas MoveNow, OE initiatives, foundations, education and academic support as well as emergency relief. With that, we want to enable them with skills needed to enter the workforce with confidence.

We believe these skills need a mental and physical foundation, which is why we think education and physical activity are key to enable the next generations to prosper. Through our academic partnerships, we offer various scholarships. And we support ground-breaking medical and climate research through awards every year.

Leveraging our education, experience and partnerships in sports, we create programs that promote well-being, resilience and job-readiness for youth and people with disabilities. We are working closely with our partners including the International Olympic Committee, Bayern München and the International Paralympic Committee.

> **For details see section 02.7.**

Activities for next generation and people with disabilities.

Allianz corporate citizenship activities locally in the OEs and globally are being steered towards the Group strategy.

MoveNow

On a global level, the MoveNow Training Series was launched in 2022 in partnership with the International Paralympic Committee, starting with twelve operating entities. MoveNow leverages the long history which Allianz has on engaging children/ youth and people with disabilities on physical activity, embedding educational elements. The series promotes accessible physical activity and educational elements, both in physical camps and in digital forms.

At the local level, our operating entities implement next generations activities tailored to their specific markets. In 2022, 15 operating entities kicked off corporate citizenship projects with a clear SDG 8 focus on the next generations and people with disabilities. These programs were in addition to their existing social impact initiatives.

Allianz foundations

Our foundations around the world support next generations programs that enhance education, promote physical activity, and enable employability.

In Germany, the Allianz Foundation in Berlin will focus on three new Next Generations flagship projects.

More information can be found here.

Education, academic support

Allianz offers various scholarships, including for ESMT Berlin, Business School and MIB Trieste School of Management. We also support scientific research through visiting scholars or host internships.

Emergency relief

We aim to support communities where we live and work in times of need. This means aligning activities with local priorities and leveraging the expertise, resources and assets of our operating entities to support communities.

Allianz responded to Ukraine war by donating € 10 million for the humanitarian support. Our employees and tied agents from key markets globally, raised more than € 1 million. Allianz matched employee donations.

Employee volunteering and donations

Employee volunteering and donations take place through Allianz's social impact programs locally in OEs and through our twelve Allianz-affiliated foundations.

01.6 Our social approach

Our commitments to human rights

Respect for human rights is a fundamental requirement for responsible business within and beyond our direct operations.

Allianz SE is a signatory of the United Nations Global Compact (UNGC) and we are committed to upholding human rights.

Being a trusted industry leader and partner means protecting human rights in all our different roles – as an insurer, investor, asset manager, employer and in the supply chain.

For more details, please see section 05.5.

For more details, please see our UNGC Communication on Progress.

Our governance approach

Strong leadership is the key contributor to culture and governance of a company.

Our purpose governs how we execute our business across all operating entities amongst others through a strong policy framework.

We have control functions with three defense levels in place (Three Lines of Defense Model).

However, we are also human and errors can occur. When this happens, we strive to act quickly to correct, learn and communicate openly.

Find out more about governance in sections 01.8 and 05.4.

01.7 Our sustainability integration approach

Our commitment to tackling ESG topics – here referred to as sustainability – applies to our own operations and our insurance, investment and asset management activities.

As a global insurer, investor and asset manager, understanding and managing sustainability issues allows us to reduce risks and capture opportunities in all areas of our business.

As well as managing risks, sustainability integration directs us to create products and services that add value to society, collaborate with clients and investee companies to deliver real-world benefits, and direct capital flows towards sustainable outcomes for all stakeholders.

01.7.1 Sustainability opportunities and risks

Holistic assessment of risk is important to Allianz as an insurance company that manages and carries risks ranging from single events to decades.

In the Allianz Group Risk Policy, we define sustainability risks as events or conditions which, if they occur, could have significant negative impacts on the assets, profitability or reputation of Allianz Group or one of its companies. Examples include environmental and climate change risks, human rights violations, risks to local communities and workforce risks.

If they are not identified and managed effectively, sustainability risks can have significant repercussions for Allianz and its customers, suppliers and investee companies. These span legal and reputational risks, supply chain and business disruption risks, quality and operational risks and financial risks.

By scrutinizing insurance, investment and asset management projects from a sustainability perspective, Allianz extends its understanding of risks and seizes potential business opportunities to benefit shareholders, customers and other stakeholders.

01.7.2 Our group-wide rules and processes

Our group-wide corporate rules and sustainability processes apply to all relevant underwriting, proprietary investment and operations activities. They require strong collaboration between relevant functions and business areas.

Key processes include the internal Allianz Standard for Reputational Risk Management and other corporate rules such as the Allianz Standards for P&C Underwriting and Allianz ESG Functional Rule for Investments.

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

For more details, please see the Allianz ESG Integration Framework, version 4.0.

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

01.7 Our sustainability integration approach

01.7.3 Embedding sustainability

Consistent application of sustainability processes in insurance and proprietary investment activities is crucial to mitigate risks and capture opportunities resulting from the needed transition to a sustainable economy and society, and also our transformation to a sustainable financial service provider.

Further details on our sustainability integration approach in insurance, proprietary investments and asset management can be found in sections 02.1 to 02.3.

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

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

81.9 %

of assessed transactions were proceeded and

15.6 %

were approved subject to certain mitigation measures or conditions

2.4 %

were declined or not pursued

Further details see tables ESG-1 to ESG-3.

01.7 Our sustainability integration approach

Our sustainability risk management framework

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

We periodically review and update our sustainability risk management approach to ensure it is current and relevant in context of our core businesses.

01.7.4 Regulation as a driver of sustainability integration

Regulation is necessary to drive integration of sustainability considerations in a structured way. We welcome sustainability regulation as a major driver for fair competition and a level playing field.

We actively engage in and support regulatory developments. For example, we are a member of the European Commission's Platform on Sustainable Finance and have contributed to the work of the European Financial Reporting Advisory Group (EFRAG) on EU sustainability reporting standards, via in-kind memberships in the Project Task Force on European Sustainability Reporting Standards (PTF-ESRS) until April 2022 and in the Sustainability Reporting Technical Expert Group (SR TEG) since May 2022.

In this context, Allianz aims to contribute expert input with respect to the insurance industry, such as on the dual role of insurers as preparers and users of sustainability information as well as on existing interconnected regulation.

1. Allianz contributes to the EU standard-setting activities of EFRAG, which has submitted its first set of technical advice on the sector-agnostic EU sustainability reporting standards in late 2022, via an in-kind member, which represents the EU insurance industry in the EFRAG Sustainability Reporting Technical Expert Group (SR TEG).
2. Over two years since October 2020, we were the only insurer within the EU Platform on Sustainable Finance which acts as a permanent expert group of the European Commission to assist developing the EU's sustainable finance policies, notably the further development of the EU taxonomy.

We aim to leverage regulation on sustainability by ensuring consistent implementation across all Allianz businesses as well as building business opportunities in line with regulatory concepts.

Allianz has established a Sustainable Finance Regulation implementation project at Group level to drive this. In close interaction with Group Centers and Legal Entities, internal guidance is designed to ensure consistent interpretation and implementation. Beyond regulatory compliance, the concepts are used to guide internal standards for product and business development.

> **See Regulatory and public affairs (section 04.2).**

01.8 Our sustainability governance

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

Allianz has increased the importance of sustainability with the ambition to fully integrate sustainability across the company.

The Board of Management at Allianz SE is ultimately responsible for all matters related to sustainability and is supported by the Sustainability Board (formerly known as ESG Board).

In 2021, Allianz established the Group Center Global Sustainability and the Sustainability Committee within the Supervisory Board to enable the sustainability strategy integration and implementation.

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

Sustainability-related performance is integrated in our compensation systems through relevant targets incentivizing board members to act and decide according to E, S and G priorities.

› **A fuller description of our sustainability governance can be found in section 05.4.**

Supervisory Board (incl. Sustainability Committee)

Board of Management

Group Sustainability Board

Five BoM members

Functional Heads:

Global Sustainability

Group Risk

Group Communication

Group Compliance

- Regular reporting to SE Board of Management
- Advising and aligning on all relevant Group Sustainability matters
- Further elevate Sustainability topics in governance and decision-making processes of the Group

Regular exchange and alignment with committees and Heads of Group functions on sustainability matters –

Global Sustainability

Full-time support to Sustainability Board

Sustainability integration into organization and business

– **Regular exchange and alignment with representatives from operating entities on sustainability matters**

01.8 Our sustainability governance

01.8.1 Key bodies involved in sustainability governance

Group Sustainability Board

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

To support the Board of Management in its decision-making, Allianz Group established a dedicated Group Sustainability Board (known until January 2022 as the Group ESG Board). It is composed of members of the Board of Management of Allianz SE and Group Center heads and meets quarterly.

The Group Sustainability Board is supported by the Global Sustainability function in the execution of its responsibilities.

The core objectives of the Group Sustainability Board are:

- Preparing the overall framework for sustainability for the Allianz Group.
- Integrating sustainability into the Group's processes, into Allianz as an organization (operations and organization) and Allianz's business (investment, insurance, asset management).
- Maintaining oversight of and steering overarching sustainability matters, such as topics concerning the climate, society and governance.

The core responsibilities of the Group Sustainability Board are:

- Suggesting strategic ambitions and develop proposals for sustainability related targets for the 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 OEs.
- Aligning on sustainability related internal and external communication including reviewing the Group's approach to rating and reporting.
- Monitoring the progress to implement and execute the sustainability related strategic ambitions.

> **Details on Sustainability Board and related targets linked to the remuneration of the Board of Management can be found in sections 01.8 and 05.4.**

Allianz SE Supervisory Board: Sustainability Committee

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

- Advising the Supervisory Board on sustainability-related issues 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 the sustainability-related statements of the Group's non-financial statement in the Annual Report and the Sustainability Report including the Tax Transparency Report, as part of the Supervisory Board's review.
- Supporting the Personnel Committee in the preparation of the Sustainability-related target setting as well as the review of the set targets' fulfillment for the Management Board's remuneration.

In 2022, 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 issues.

> **Read more about the Sustainability Committee and its members in section 05.4.**

For further details about the remuneration system of Allianz Group, please see the Group Annual Report 2022, Remuneration Report, pages 26–52.

01.8 Our sustainability governance

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

In 2022 and for 2023 the targets for the Board of Management have been further developed to reflect the Sustainability priorities.

Our targets		2022	2023	More details
Overarching		Ensure strong sustainability position (top ranks in DJSI, MSCI, Sustainalytics).[1]	Achieve strong sustainability position (top performance in DJSI, MSCI).	Sections 05.1; 05.2
		Define approach and KPIs for sustainable claims management in retail P&C.	Ensure sustainable solutions in proprietary investments and products.	Section 02.1.3
		Develop strategy for sustainability in asset management, leading to strong competitive positioning in sustainable product offering and ensuring strong sustainability reputation.		Section 02.3
			Define positioning on Social in line with Allianz purpose focusing on Sustainable Development Goal 8 (SDG 8).	Sections 01.4; 01.6; 02.7
Environmental	Decarbonisation	Operations: 18% reduction of GHG (greenhouse gas) emissions per employee by 2022 (vs 2019) and 88% renewable electricity as share of total electricity consumption in 2022.	Continue to decrease the GHG emissions from our own operations to achieve -50% by 2025 and net-zero by 2030.	Section 02.6
		Proprietary Investment: Establish a quantitative roadmap to reach minus 25% GHG emissions[2] (absolute reduction on public equity and listed corporate debt by year-end 2024 vs 2019).	Follow through on net-zero ambition, in particular in line with our Net-Zero Alliances commitments.	Sections 02.1; 02.2; 03.3
Social	Customer Loyalty	Digital Net Promoter Score (dNPS).	Digital Net Promoter Score (dNPS) development against previous year and overall ambition level.	Section 02.5
	Employee Engagement	Inclusive Meritocracy Index (IMIX) and Work Well Index+ (WWI+).	Inclusive Meritocracy Index (IMIX) and Work Well Index+ (WWI +) development against previous year and overall ambition level.	Section 02.4
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).	Section 02.4

1 Following a review, the Sustainalytics rating is out of scope of BoM target after 2022.

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

01.8 Our sustainability governance

01.8.2 Group Center Global Sustainability

Since 01 January 2021, responsibility for Allianz's sustainability agenda has been led by the Global Sustainability function (Group Center).

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

The Global Sustainability function supports the Group Sustainability Board in the execution of its responsibilities. This includes preparation, coordination and application of the decisions by the Group Sustainability Board.

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 Global Sustainability function 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.

Group Centers take responsibility for sustainability within their functions with the purpose to embed Sustainability across Allianz's organization and business.

Group Sustainability and Group Centers work with an expansive network of sustainability and business experts located across Allianz's operating entities globally providing guidance and setting minimum standards to ensure they embed sustainability in their strategies and approaches. This network supports implementation of the group-wide sustainability approach, share best practice and scale positive impacts across the organization.

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

> **See section 01.8 for more information on Group Committees, where sustainability related decisions are taken. Information on climate change business and management-level governance can be found in section 05.4.**

02 Measuring and managing sustainability

In this chapter, we cover the material topics, public targets and commitments that are integrated across Allianz. We disclose our approaches to those topics, quantitative targets, KPIs and core performance data.

Sustainability in our business activities

We are embedding in our core business areas of insurance proprietary investments and asset management. Across these portfolios, we prioritize SDG 8, Decent Work and Economic Growth and SDG 13, Climate Action. In 2022, we focused on integrating climate aspects into products, processes and solutions.

02.1 Sustainability in insurance

Core performance data

Table ESG-1

ESG referrals and assessments: total numbers per sector

		2022	2021	2020
Insurance	#	730	850	430
Proceed with transaction with mitigation measures and/or conditions	#	207	197	188
Proceed with transaction	#	490	584	203
Do not proceed	#	33	69	39
Investment	#	53	71	65
Proceed with transaction with mitigation measures and/or conditions	#	10	3	2
Proceed with transaction	#	42	61	56
Do not proceed	#	1	7	7
Procurement	#	612	526	101
Proceed with transaction with mitigation measures and/or conditions	#	1	2	0
Proceed with transaction	#	611	522	101
Do not proceed	#	0	2	0
Other	#	0	0	1
Proceed with transaction	#	0	0	1
Total	#	**1,395**	**1,447**	**597**

Table ESG-2

ESG referrals and assessments: assessment outcomes
% share of total referrals[1]

As of December 31		**2022**	**2021**	**2020**
Proceed	%	81.9	80.6	60.5
Proceed with mitigation or additional conditions	%	15.6	14.0	31.8
Do not proceed	%	2.4	5.4	7.7

1 Referral data includes referrals from insurance, investments and procurement.

02.1 Sustainability in insurance

Table ESG-3

ESG referrals and assessments: sensitive business areas[1]

As of December 31	2022				2021				2020			
	Proceed	Proceed with mitigation	Do not proceed	Total	Proceed	Proceed with mitigation	Do not proceed	Total	Proceed	Proceed with mitigation	Do not proceed	Total
Agriculture, fisheries and forestry	13	11	0	**24**	23	11	1	**35**	24	15	0	**39**
Animal testing	1	0	0	**1**	1	0	0	**1**	1	0	0	**1**
Animal welfare	6	0	0	**6**	3	0	1	**4**	0	0	0	**0**
Betting and gambling	6	0	0	**6**	4	1	0	**5**	2	1	0	**3**
Clinical trials	13	2	0	**15**	39	5	0	**44**	16	5	0	**21**
Defense	18	21	2	**41**	42	17	7	**66**	20	16	2	**38**
Human rights	12	24	6	**42**	13	20	13	**46**	15	14	3	**32**
Hydro-electric power	5	8	0	**13**	10	12	1	**23**	10	7	1	**18**
Infrastructure	82	30	2	**114**	97	18	17	**132**	42	20	12	**74**
Mining	21	24	2	**47**	26	26	9	**61**	21	34	12	**67**
Nuclear energy	7	0	0	**7**	8	1	0	**9**	9	6	0	**15**
Oil and gas	23	61	12	**96**	48	53	13	**114**	23	41	6	**70**
Sex industry	0	0	0	**0**	1	0	0	**1**	1	0	0	**1**
Procurement transactions	611	1	0	**612**	521	3	1	**525**	101	0	0	**101**
Other sustainability and reputational issues	325	36	10	**371**	331	35	15	**381**	76	31	10	**117**
Total	**1,143**	**218**	**34**	**1,395**	**1,167**	**202**	**78**	**1,447**	**361**	**190**	**46**	**597**

Table ESG-4

Revenues from sustainable solutions[2, 4]

As of December 31		2022	2021	2020
Sustainable Insurance Solutions	€ mn	845.7	799.2	698.5
Insurance solutions with a sustainability component	€ mn	437.1	416.4	367.6
Total	€ mn	**1,282.9**	**1,215.6**	**1,066.1**

Table ESG-5

Number of sustainable solutions[3, 5]

As of December 31		2022	2021	2020
Sustainable Insurance Solutions	#	76	83	89
Insurance solutions with a sustainability component	#	27	35	35
Total	#	**103**	**118**	**124**

1 Referral data includes referrals from insurance, investments and procurement.
2 Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability.
3 Our current data collection process does not allow for a complete tracking of the number of sustainable solutions. Number of solutions data is included subject to data availability.
4 Sustainable solutions for Life products are excluded since this year, due to evolving regulation. Prior year figures have been restated accordingly.
5 Sustainable solutions for Life and Asset Management are excluded due to evolving regulation. Prior year figures have been restated accordingly.

02.1 Sustainability in insurance

Table ESG-6

Emerging Consumers

As of December 31		2022	2021	2020
Gross Written Premiums (GWP)	€ mn	557.8	510.2	452.2
thereof from consolidated entities	€ mn	68.1	45.2	56.1
thereof from non-consolidated entities	€ mn	489.7	465.0	396.1
No. of in-force insured people	#	57,170,290	62,221,110	46,138,372
thereof from consolidated entities	#	13,172,642	9,721,944	10,077,970
thereof from non-consolidated entities	#	43,997,648	52,499,166	36,060,402
GWP per insured	€	9.8	8.2	9.8
Emerging Consumers Solutions[1]	#	31	30	26

Table ESG-17

Coal exemption requests[2, 3]

As of December 31	2022	2021	2020
Total Referrals	50	72	n/a
Exemptions granted	22	20	n/a
Exemptions not granted	28	52	n/a

Table FIN-1

Economic Value generated, distributed and retained

€ mn

As of December 31	Unit	2022		2021	
Economic Value Generated	**€ mn**	**122,715.1**	**100.0**	**122,238.9**	**100.0**
Revenue from sale of goods	€ mn	83,911.5	68.4	77,656.2	63.5
Revenue from rendering of services	€ mn	13,981.2	11.4	13,998.1	11.5
Revenue from financial investments	€ mn	24,705.8	20.1	30,552.1	25.0
Other operating income	€ mn	116.7	0.1	32.5	0.0
Economic Value Distributed	**€ mn**	**111,411.2**	**90.8**	**104,239.5**	**85.3**
Operating expenses	€ mn	88,265.1	71.9	81,326.6	66.5
thereof: Claims and insurance benefits	€ mn	60,764.0	49.5	54,873.0	44.9
Claims P&C	€ mn	38,080.6	31.0	33,783.8	27.6
Claims L&H	€ mn	22,683.4	18.5	21,089.5	17.3
Wages and other payments to employees	€ mn	13,965.0	11.4	13,339.8	10.9
Payments to provider of capital	€ mn	6,461.9	5.3	5,475.3	4.5
Payment to shareholders	€ mn	5,683.3	4.6	4,705.6	3.8
Payments to creditors	€ mn	778.6	0.6	769.7	0.6
Payments to government	€ mn	2,584.9	2.1	3,985.9	3.3
thereof: income tax expense	€ mn	2,419.3	2.0	3,659.6	3.0
Community investments	€ mn	134.2	0.1	112.9	0.1
Economic Value not yet distributed	**€ mn**	**11,822.8**	**9.6**	**17,295.4**	**14.1**
Change in reserves	€ mn	3,242.0	2.6	13,716.2	11.2
Impairments	€ mn	6,520.9	5.3	1,331.0	1.1
Change in provisions	€ mn	2,059.8	1.7	2,248.2	1.8
Economic Value Retained	**€ mn**	**-518.9**	**-0.4**	**704.0**	**0.6**

1 Number of solutions refers to solutions from consolidated entities only.
2 The coal exemption process was introduced in May 2021.
3 Data disclosed since 2022.

02.1 Sustainability in insurance

02.1.1 Integrating sustainability in insurance

Embedding sustainability considerations into our insurance business enables us to manage risks and act on opportunities to support sustainable development.

We aim to add value through dialogue with stakeholders and by sharing our expertise on risk understanding and mitigation, and the management of sustainability risks.

We are committed to the UNEP-FI Principles for Sustainable Insurance.

Sustainability risk management

Insurance is about understanding and managing risk and so embedding sustainability in insurance starts with embedding sustainable risk management.

Our exposure to sustainability risks is mostly indirect through the insurance risks Allianz carries for its insured clients and we embed sustainability risk management throughout our underwriting processes.

Our sustainability referral and assessment process is part of the risk management framework that is applied to all Allianz insurance business globally, whether we are the lead insurer or part of a panel.

Based on the outcome of a referral assessment, a transaction may proceed with or without conditions and, if severe, the transaction may be declined.

In 2022, 730 insurance transactions were assessed for sustainability risks, slightly down from 850 transactions in 2021. This was in line with our expectations.

See tables ESG-1 to 3 for additional details.

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

Sustainability opportunities

To maximize our positive impact, we aim to share our sustainability expertise with clients, brokers and business partners and use it to develop our own sustainable solutions and processes.

We carry out in-depth research to stay ahead of emerging issues. This includes conducting research to understand natural disasters, claims and underwriting profitability. Further sector analytics are performed to understand growth opportunities and new service and advice solutions. We particularly focused on climate-related aspects in 2022.

02.1.2 Natural disasters

Natural disasters have increased in magnitude and frequency in the last decade[1] with economic and insured losses increasing substantially. According to the World Economic Forum's (WEF) Global Risk Report 2022, three of the top five global risks over the next 10 years are linked to changes in climate and the environment. In the short-term (0–2 years), extreme weather events rank first in the list of critical risks threatening the world and climate action failure is the most impactful and likely long-term risk.

The Allianz Risk Barometer 2022[2] places natural catastrophes third (up from rank six in 2021) in its ranking of global business risks. The rise of natural catastrophes and climate change to third and sixth respectively is telling.

Recent years have shown the actual frequency and severity of weather events to be increasing. In 2021, global insured catastrophe losses were in excess of $100 billion – the fourth highest year on record. Around 60 percent of losses caused by natural catastrophes over the past decade were uninsured as the protection gap widened.[3]

Demographic shifts, increasing global interdependencies and climate change all play a role in weather-related insurance losses, which have increased 15-fold over the last few decades.

To brace Allianz for what is to come, we are developing solutions to assess the impacts of climate change. We strongly focus on building capabilities in the areas of climate change adaptation, and thus actively contribute to the SDG 13, Climate Action.

We aim to strengthen resilience and support adaptation by actively sharing our expertise with e.g. clients and policy makers. As part of this ambition, Allianz is actively engaged in the development of risk mitigation solutions with development agencies for developing and emerging countries.

1 Source: Swiss Re Sigma Explorer.
2 Source: Allianz Risk Barometer 2022.
3 Source: sigma 1/2021, Swiss Re Institute.

02.1 Sustainability in insurance

We are committed to continuously improving our tools to identify and manage risks and increase our understanding and modelling capacities of natural disasters to benefit of our customers.

A distinct catastrophe risk management approach is a high priority and we apply advanced standards in data modelling for natural catastrophe (Nat Cat) scenarios for Allianz Group. This includes having an in-depth understanding of our portfolio and applying correct tools and models to carry out an appropriate hazard and risk analysis. We manage risks through risk pooling, traditional retrocession and capital market solutions.

Increasing resilience for customers and society

By investing, pooling and managing risks to protect and grow lives, assets and businesses, Allianz contributes to creating secure and sustainable societies and economies.

The primary role of the insurance sector is to absorb strong financial impacts that would otherwise overwhelm the capabilities of private and commercial clients. In doing so, it provides stability to societies and economies by ensuring businesses can be re-started quickly and people can re-build their homes following a catastrophe.

We also advise clients on risk preventive measures to minimize their risks – both to reduce potential financial impacts and to keep businesses operational.

Risk consulting services are embedded in our client services offering which is a standard part of our underwriting practice for large commercial clients across industries. Our risk engineers provide a range of risk consulting services – from natural hazards, fire safety, and human and organizational risk factors to in-depth analysis of industry operations and financial exposures across all industry sectors and risks. We also focus on delivering training plans to help clients to optimize risk management procedures in the long term.

Examples include:

- Tech Talk – a technical document developed to assist clients in property loss prevention.
- Natural Catastrophes checklists – bulletins designed to highlight key actions which can be taken by clients to address hazards to their business and a sample checklist to provide guidance and heighten awareness of the risks.
- Loss lessons – a look back to damages and lessons learned to mitigate such losses in the future.

To scale our positive impact, we research and analyze the risk situation for natural perils in countries where we operate. We offer this knowledge to policymakers to support sustainable development and shape resilience measures.

Assessing natural catastrophe risk

Experts at Allianz Reinsurance (Allianz Re) include meteorologists, hydrologists, geophysicists, geographers and mathematicians. Together, they model around 50 Nat Cat scenarios for the Group using data captured according to advanced standards.

By applying this risk expertise to the Allianz portfolio with its insured values, our experts assess overall exposure to Nat Cat risks. Vendor and in-house applications provide a comprehensive risk profile of any defined location which can be used as the basis for effective risk management measures. This is also used to develop risk-based pricing for Nat Cat perils and to provide portfolio managers with insight into local and regional accumulation of risks.

Allianz Re is actively driving the implementation of Cat Risk Management tools and solutions at Group and operating entity levels through the Cat Tools and Analytics (CTA) program. 2022 saw further model developments on the Allianz Modelling Platform which hosts all internally-developed Nat Cat risk models. Through standardized framework and process automation, the platform leverages our catastrophe claims history and view of risk, for example to incorporate an estimation of potential climate change impacts.

We also continue to enhance our geospatial tools and data landscape. For example, GeoUnderwriting solutions enable our underwriters to take an informed decision based on the exact location of a customer's home or production site when assessing climate-related risk. Our applications enable underwriters to access detailed hazard risk scores by individual Nat Cat peril for every location globally. Additional risk maps allow the assessment of future climate-change related impact on a location's risk profile to support the decision-making process.

The Geospatial Solutions and Analytics team supports operating entities with the implementation of concepts to assess accumulation scenarios in relation to climate risk at the point of underwriting. Furthermore, we are developing additional geoinformation products that support risk-adequate pricing for climate related perils such as windstorm and flooding.

02.1 Sustainability in insurance

02.1.3 Climate change and decarbonization

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

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

> **See section 01.5.**

Managing climate risks

The future impact of climate change in insurance will depend on the ability of stakeholders to address the crisis. If emissions are reduced swiftly enough and warming can be limited, the resulting risk might be kept at an affordable level for the customers. If climate-related risks like extreme weather events become more severe, the public sector and the insured may need to take more risk. This could be in the form of investment in higher protection standards such as flood defenses or higher risk retentions for the clients. The warmer it gets, the more likely challenges for insurability arise. This will burden clients and societies, especially in highly exposed regions such as low-lying coastal areas.

With extreme weather events becoming more common and intense, we research the already materialized and future impacts of climate change to provide the best possible risk advice to society and customers.

The Allianz Climate Change Risk Solution (ACCRiS) provides inhouse climate risk scores and metrics. These hazard, risk and financial impact scores help to assess physical climate change risk in investment and insurance decisions. Under ACCRiS 2.0, two additional scenarios were implemented in 2022: the IPCC's Representative Concentration Pathway (RCP) 2.6 and RCP 6.0. Also, ACCRiS has functionality to estimate any degree-based scenarios e.g. RCPs, Shared Socioeconomic Pathways (SSPs), The Network of Central Banks and Supervisors for Greening the Financial System (NGFS), etc.

Managing the challenge of modelling climate risks requires constant and open dialogue to foster understanding of the issues and better resilience to climate risks. In December 2022, Allianz hosted the annual Climate Risk Award. Launched in 2017, the award acknowledges and rewards scientists at the beginning of their academic career (PhD candidates and Post-Doctoral researchers), whose works shed light on the nexus between climate change and extreme weather events.

The winner of the 2022 Award was Emily Vosper from the University of Bristol who stood out with her innovative research on the use of Artificial Intelligence to downscale tropical cyclone models. Allianz aims to support science working on innovative approaches to address climate risks.

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

Development of oil and gas and coal restrictions

In 2022, we introduced a targeted restriction for the oil and gas sector. The guideline applies to proprietary investments as well as P&C insurance. As of 2023, direct investments in and single-site/standalone insurance of selected oil and gas projects are prohibited. This includes new oil and gas fields as well as oil pipelines. Also restricted are projects in the Arctic and Antarctic regions, in the ultra-deep sea, as well as those related to extra-heavy oil and oil sands.

We expect for the companies with the largest hydrocarbon production (i.e., above 60 million barrels of oil equivalent production in 2020) to make a thorough commitment to net-zero greenhouse gas emissions by 2050 across their full value chain by January 2025.

We will lower our threshold for companies deriving revenue from oil sands from 20 percent to 10 percent.

> **For further details on our fossil-fuel approach, please see section 03.2.**

We continue to phase out coal in line with our coal restrictions, which have the same principles across insurance and proprietary investments. In 2022, we continued our phase-out of insuring coal-based business models in line with 1.5°C pathways with low/no overshoot.

In 2021, Allianz released an update of its policy on coal-based business models which defined even more ambitious thresholds from 1st of January 2023 and a clear pathway to further reduce thresholds in the future to fully phase out coal by 2040 at the latest.

> **For more information, please see section 03.2.**

Please also see our public Statement on Coal-Based Business Models.

02.1 Sustainability in insurance

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

In 2021, Allianz joined forces with seven other leading insurers to form the U.N.-convened Net-Zero Insurance Alliance (NZIA).

Members will set measurable and science-based decarbonization targets for themselves. The first targets are expected to be released by July 2023 at the latest for the target year 2030. After 2030, they will be updated every five years up to 2050. Once the first targets are set, members are required to report annually on progress.

Work started in 2021 and continued in 2022 to develop methodologies and define the first intermediate targets, with the goal of launching the inaugural NZIA target-setting protocol in January 2023.

NZIA members have collaborated with the Partnership for Carbon Accounting Financials (PCAF) on the development of the Global GHG Accounting and Reporting Standard for Insurance-Associated Emissions. This Standard was launched in November 2022 at the COP 27 in Egypt. It will help re-/insurers create transparency for stakeholders on the climate impact of their underwriting activities, manage climate-related transition risks, and ensure decarbonization strategies for underwriting portfolios are compatible with the Paris Agreement. This will support Allianz and other NZIA members to develop the NZIA target setting protocol and their own targets by mid-2023.

See the full details of the PCAF standard here and the full details of the NZIA partnership here.

See the full details of the collaboration here.

Closing the climate insurance gap

We continue to actively support the InsuResilience Global Partnership (IGP)'s goal to provide climate risk insurance for up to 500 million people in the most vulnerable developing countries by 2025.

In the context of a Tripartite Agreement between BMZ, the U.N. Development Program (UNDP) and the Insurance Development Forum (IDF), Allianz and Swiss Re are co-leading a project to develop a flood risk insurance solution for Ghana with support by the local UNDP office and other public sector stakeholders such as the Ministry of Finance of Ghana.

The project objective is to develop a parametric flood cover to provide financing for government's emergency response and reconstruction efforts in severe flood cases to re-establish economic activity of low-income communities in the Greater Accra Region.

Parametric approaches are novel to P&C insurance and require careful calibration, while having the focal benefit of allowing quick pay-outs based on an externally observable trigger without requiring a lengthy damage assessment procedure.

The project, supported by a grant from the ISF, entered the product development phase in July 2022 and work is on-going into 2023 between the private and public sector partners to build this insurance solution concept.

Decarbonizing insurance claims

The Allianz sustainable claims initiative aims to decarbonize claims processes, including third parties' activities, and find ways to make claims processes more sustainable.

The first phase is focused on motor retail claims and includes engaging third parties involved in the claims process, such as repair shops. Pilot initiatives have been launched in different countries covering the key levers in motor retail claims such as repair vs replace, sustainable roadside assistance, green mobility replacement, repair shop scoring and remote assessment.

A first CO_2e baselining process for motor claims has also been started. And a sustainable approach for home retail claims has been kicked off.

02.1 Sustainability in insurance

02.1.4 Sustainable solutions

In 2022, we generated revenues totaling

€ 1,282.9 mn[1, 3]

from

103[2, 4]

Sustainable insurance solutions and from Insurance solutions with a sustainability component through our Sustainable Solutions program

(2021: € 1,215.6 mn from 118 solutions)

The primary role of the insurance sector is to absorb strong financial impacts that would otherwise overwhelm the capabilities of private and commercial clients.

In doing so, we provide stability to societies and economies by ensuring businesses can be re-started quickly and people can re-build their homes following a catastrophe.

Our ambition is to create the insurance solutions in a sustainable way, and in a way that enables customers to be more sustainable and have a positive impact on the environment and society.

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

- We are a partner in the transition to a low-carbon economy, delivering products and services with a positive environmental or climate-related impact.

  > See section 01.5.

- Our insurance and risk management solutions as well as our risk consulting advice enable individuals, companies and governments to implement renewable energy projects and manage climate-related risks.

  > See section 02.1.2.

Due to evolving regulation – especially related to the EU Taxonomy, changing customer behavior and challenges related to the current approach – we initiated the development of an enhanced Allianz classification framework for sustainable insurance solutions in P&C including EU Taxonomy alignment criteria. As a result, our overall approach for assessing and classifying sustainable solutions was revised.

The former sustainable solution definition and its application requirements will be replaced by the new sustainable solutions framework as of 01 January 2023. This will enable reporting based on the new sustainable solutions framework as well for EU Taxonomy alignment for the financial year 2023. Prior to that, the legacy definition will still be applied for reporting purposes.

We define our sustainable solutions as follows:

Sustainable insurance solutions

Sustainable insurance solutions are products and services that directly address environmental and/or social risks and opportunities.

Examples include:

- Insurance coverage for electric vehicles and development of batteries.

Insurance solutions with a sustainability component

The inclusion of sustainability components in standard products is becoming increasingly common. In 2018, we decided to differentiate standard insurance products with additional environmental and/or social benefits.

Examples include:

- Add-ons to standard home insurance products offering environmental-friendly upgrades.
- Premium insurance discount for electric vehicles.

1 Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability.
2 Our current data collection process does not allow for a complete tracking of the number of sustainable solutions. Number of solutions data is included subject to data availability.
3 Sustainable solutions for Life products are excluded since this year, due to evolving regulation. Prior year figures have been restated accordingly.
4 Sustainable solutions for Life and Asset Management are excluded due to evolving regulation. Prior year figures have been restated accordingly.

02.1 Sustainability in insurance

Sustainable solutions evaluation

For a product or service to be classified as a sustainable solution, it must fulfil at least one of six environmental and social criteria, as described in the Allianz ESG Integration Framework. For products categorized as sustainable under this definition, we track and publish key metrics such as revenues and number of solutions.

Environmental criteria

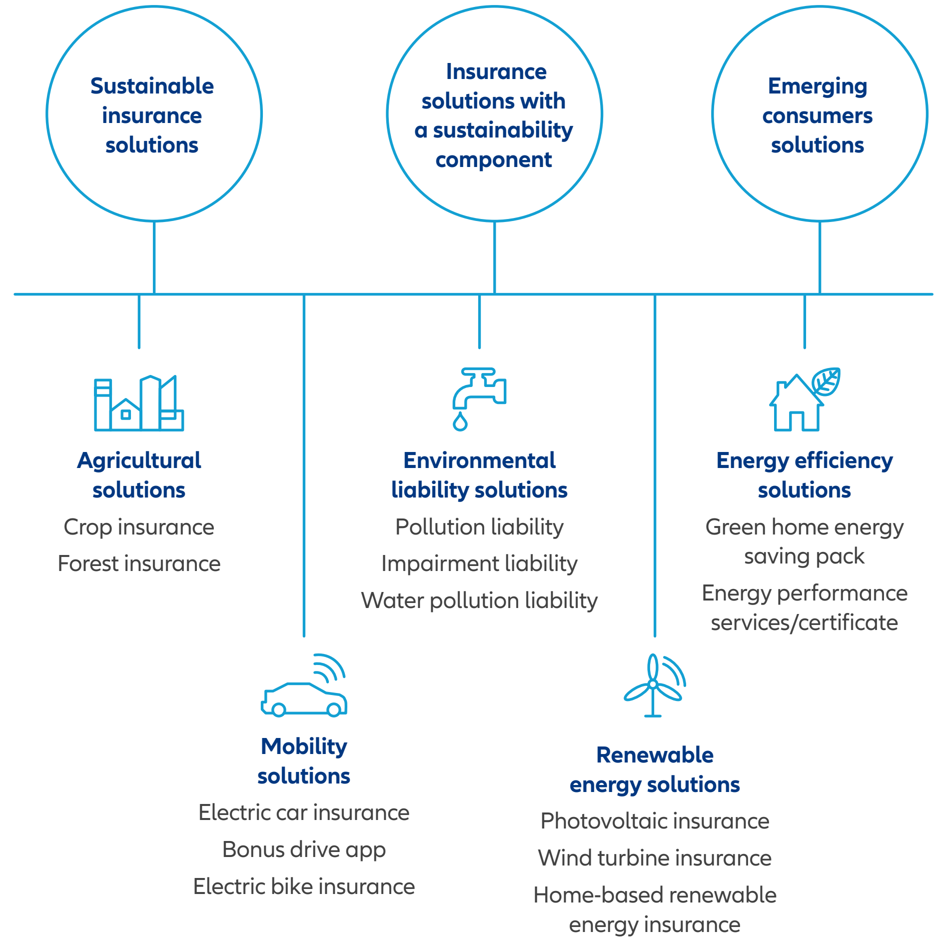
- Supports development of sustainable technology and markets such as renewable energy, environmental goods and services, and/or green infrastructure.
- Conserves natural resources or biodiversity or helps to mitigate against climate change (e.g. solutions that encourage or reward environmentally responsible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

Social criteria

- Facilitates activities to tackle social challenges and issues faced by socially disadvantaged groups (e.g. insurance tailored to social value-adding products/services that would otherwise not be insured).
- Specifically tailored solutions for socially disadvantaged groups (e.g. products aimed at reducing the risk of underserved groups by providing otherwise unavailable access to finance).
- Raises awareness to prevent and mitigate challenges faced by socially disadvantaged groups[1] (e.g. products that include cause-related marketing or support schemes managing weather-related risks).

What do we mean by sustainable solutions?

Examples of Allianz products with an environmental or social added value



1 Socially disadvantaged groups are defined as populations that are excluded in their local society for reasons that may be tied to age, sex, disability, race, ethnicity, origin, religion, economic or other status.

02.1 Sustainability in insurance

02.1.5 Emerging consumers

Our purpose – 'We secure your future' – includes providing emerging consumers with affordable and effective insurance solutions.

Increasing the resilience of the most vulnerable against the risks they face is one way in which we create positive social impact through our core business. This ambition is strongly linked to SDG 8, Decent work and economic growth, and in particular 8.10, Access to financial services for all. It also links to SDG 17 as we leverage local and global partnerships to unlock access to insurance for the underserved.

Reaching underinsured customers

The emerging consumers market – defined as lower-income populations in Africa, Asia and Latin America – consists of more than half of the world's population.

Allianz supports closing the protection gap by providing access to affordable insurance solutions to lower income populations.

Developing non-traditional offerings, innovative distribution models and accessible payment channels are strategies to reach and service this target segment. Products and processes must be simple and relatable, and distribution models need to be cost-efficient to maximize client value. Digitalization is unleashing opportunities, with affordable insurance and health services increasingly delivered via mobile technology.

To leverage these opportunities, we seek partnerships with companies that provide digital technologies and go-to-market approaches to complement our core capabilities. Our partnership with emerging market digital healthcare and insurance leader BIMA is a prominent example for this approach.

Acknowledging that it takes entire eco-systems to unlock the full potential of the segment and to reach emerging consumers at scale, we continue to engage with institutional stakeholders such as the Microinsurance Network and the Swiss Capacity Building Facility. Examples of our core emerging consumer solutions include Credit Life Insurance, Funeral Insurance, Health insurance and Crop insurance.

In 2022, we insured 57.2 million people[1] in the emerging consumers segment (2021: 62.2 mn insured). Revenues were at € 557.8 million (2021: € 510.2 mn) – equivalent to around € 9.8 in annual revenue per insured for this market. Allianz consolidated entities served 13.2 million insured (2021: 9.7 mn) and contributed revenues of € 68.1 million.

Additional data about our emerging consumer business can be found in table ESG-6.

We define our emerging consumer solutions as follows:

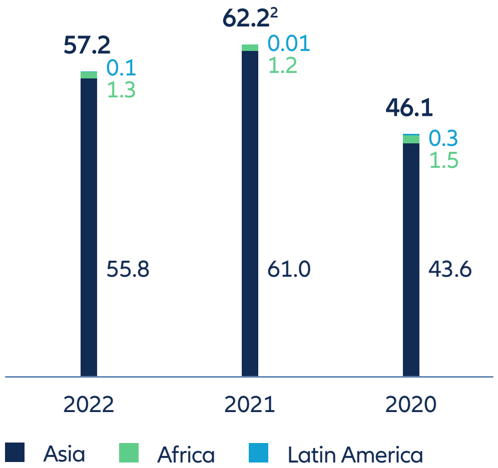
Emerging consumer solutions

Emerging consumer solutions include affordable insurance products that cater to customers with lower incomes in Africa, Asia and Latin America who typically enter financial services markets for the first time.

Examples include:

- Simple life and health insurance products at affordable premiums.
- Government-sponsored crop insurance for smallholder farmers in India (PMFBY).

People insured in mn[1]



1 The number of insured people and revenue data includes figures from non-consolidated entities outside the reporting boundaries (GRI 102-45).
2 Due to change in scope, 15.5mn insured reported from Indian government-sponsored health schemes as a one-off effect in 2021.

02.2 Sustainability in proprietary investments

02.2.1 Integrating sustainability in proprietary investments

Allianz Investment Management's (AIM) approach for its proprietary investment portfolio of € 701.1 billion[1] is rooted in three fundamental convictions:

- We invest long-term, driven by the profile of our liabilities;
- We provide capital to sustainable business models because these will deliver better returns in the long run; and
- Climate change is a material risk for the global economy and all asset classes which cannot be mitigated with available capital market instruments.

Our sustainable investing approach is based on these three fundamentals. Our ambition is to transition our global proprietary investment portfolio to net-zero by 2050. This will contribute to SDG 13, Climate action and in particular 13.1, Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

We strive to implement best practice across all asset classes, guided by recommendations of leading sustainable investor organizations like PRI[2] and The Institutional Investors Group on Climate Change (IIGCC). At the same time, the world is changing fast and our ambition is to shape the direction of travel through our contributions to partnerships, thereby fostering SDG 17, Partnerships. We focus in particular on 17.3, Mobilize additional financial resources for developing countries from multiple sources and 17.17, Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships. These include:

- Founding member of the U.N.-Convened Net-Zero Asset Owner Alliance (NZAOA), co-leading the Engagement track and the Monitoring, Reporting and Verification (MRV) track.
- Founding member and strong supporter of The Linux Foundation's OS Climate (OS-C).
- Serving on the board of the Institutional Investors Group on Climate Change (IIGCC).
- Co-authoring fundamental position papers like 'The Future of Investor Engagement.'[3]
- Providing our expertise to the EU regulator via membership in the EU Sustainable Finance Platform.
- Providing our expertise to the German regulator via membership in the Sustainable Finance Advisory Committee of the German Federal Government.
- Member of the EU High-Level Expert (HLEG) Group on Scaling up Sustainable Finance in Low and Middle Income Countries.
- Member of the U.N. High-level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities.

Indirectly, we contribute to most other SDGs through our strong engagement on climate change like SDG 7, Affordable and clean energy, by investing in renewable energy (see also 02.2.2).

1 Figures based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including For Valuation Only (FVO), trading and real estate own-use).
2 Allianz SE | Signatory profile | PRI (unpri.org).
3 NZAOA_The-future-of-investor-engagement.pdf (unepfi.org).

02.2 Sustainability in proprietary investments

Sustainability integration approach based on six pillars

All Allianz insurance assets in the amount of € 701.1 billion (2021: €849.2 billion) are covered by an integrated sustainability approach with stringent management and continuous enhancements. This is based on six pillars and closely follows the PRI recommendations.

ESG integration approach for Allianz insurance assets

Selecting and monitoring asset managers	• Asset managers adhere to their own ESG policy and are signatories of PRI • Regular review meetings with asset managers covering ESG topics Scope: **all asset managers**	**Active engagements**	• Multiple engagements based on the ESG Scoring via Allianz SE, AllianzGI and PIMCO • Collaborative engagements via CA100+ • Asset manager engagement
Systematic integration: evaluation	• Assessing the sustainability of our investment decisions based on ESG case by case evaluation Scope: **non-listed assets**	**Exclusions of certain sectors, companies and sovereigns**	• We generally do not invest in controversial weapons and coal-based business models • We apply restrictions for Oil and Gas based business models including unconventionally produced Oil and Gas • We restrict investments in sovereigns with severe human rights concerns • Exclusions might also be the result of engagements
Systematic integration: ESG-Scoring	• Systematic integration of ESG criteria into decision making • 'Comply or Explain' for low scoring assets Scope: **listed assets**	**Sustainable investments**	• Green bonds, social bonds, sustainability bonds • Sustainable Corporates • Sustainable Sovereigns • Renewable energy • Certified green buildings • Sustainable Supranationals • Impact and blended finance investments

02.2 Sustainability in proprietary investments

02.2.1.1 Selecting and monitoring asset managers

Table ESG-14

Asset Manager Selection

As of December 31		2022	2021	2020
Share of asset managers being PRI signatories or having an ESG policy in place	%	99.0	99.0	99.0

Transitioning our investment portfolio to net-zero and achieving real-world change is only possible through the close collaboration and support of our asset managers. We select and appoint asset managers that align their activities with our long-term interest in limiting climate change. We have defined minimum expectations and systematic engagement and monitoring practices for public and private asset managers and we review them against these expectations.

In 2022, we expanded our general expectation for all asset managers to be PRI signatories and to have qualified ESG policies including mandatory requirements for what these policies must fulfil (e.g., ESG governance structure with clear roles and responsibilities, ESG-specific principles according to which the asset manager acts and decides on investments, and considerations of regulatory requirements).

Engagement dialogues focus on governance structures to ensure clear responsibility for overseeing sustainability matters, systematic monitoring approaches for sustainability risks and opportunities, stewardship activities to ensure climate ambitions are aligned with our interests, and engagement approaches to improve sustainability practices in investee companies.

At the sourcing stage, we require all asset managers in the public equity asset class to meet the expectations outlined in the NZAOA proxy voting guidance document.[1]

In 2022, we performed our second annual review of voting policies of our largest public equity asset managers and benchmarked them against the voting expectations document.

50 percent of asset managers reviewed were well aligned with the expectations outlined in the document, compared to 30 percent in 2021. We actively engage asset managers who score poorly and set clear expectations for improvements. The two lowest performing asset managers from the 2021 review cycle improved their voting policies considerably in 2022.

1 Elevating Climate Diligence 2.pdf (unepfi.org).

02.2 Sustainability in proprietary investments

02.2.1.2 Systematic integration: Evaluation

For all non-listed investments in real estate, infrastructure and non-listed corporations, ESG screening is mandatory.

If a sustainability risk is detected, a referral process is triggered which leads to a detailed assessment of the potential risk by Global Sustainability and the AIM Sustainable Investing team.

We have published guidelines for ESG sensitive business areas.

For more details see the Allianz ESG Integration Framework.

The process for assessing sustainability risk and the information required is specifically tailored to the respective asset or investment opportunity. Based on the outcome of this assessment, we decide whether to proceed with the transaction, to proceed and require mitigation and management of sustainability risks, or to decline the transaction on ESG grounds.

For example, in 2022 we assessed potential sustainability risk resulting from sourcing of feedstock in advanced biofuels production like slaughterhouse waste. Sustainability risk was considered low mainly as the respective asset manager sourcing the investment had a very strong sustainability governance structure that was fully aligned with our requirements.

02.2.1.3 Systematic integration: ESG-scoring

We apply an ESG scoring process to all listed assets including sovereign bonds, corporate bonds and public equity. The scoring process assesses the sustainability performance of individual issuers across 35 key issues (e.g. carbon emissions, toxic emissions and waste, labor management, business ethics, etc.) using sustainability data provided by the external data provider MSCI ESG Research.

We have set a clear sustainability performance threshold per region, aligned with the bottom 10 percent of companies assessed, below which investments are deemed 'ESG critical'.

Table ESG-15

Assets under Management below Sustainability threshold

As of December 31		2022	2021	2020
Market value dirty below sustainability threshold in bn EUR	€ bn	5.5	8.1	0.0
Market value dirty below sustainability threshold in %	%	0.8	1.0	0.0

Issuers in our portfolio that score below the threshold are closely monitored by the AIM Sustainable Investing team. An asset manager with investments on this list must 'comply-or-explain' – meaning either reallocate to another issuer or explain and provide reasons for holding these issuers. The reasoning and approach taken by the asset manager is assessed through regular sustainability deep-dive meetings with asset managers.

In cases where the reasoning provided is not sufficient to address sustainability concerns, an escalation approach is applied and we engage the issuer or consider excluding the issuer from our investable universe.

See section 02.2.1.4 for more information.

At an overall portfolio level, 0.8 percent of our assets under management in terms of market value scored below the defined threshold in 2022 compared to 1.0 percent in 2021.

The reduction versus previous year was mainly driven by improvements of sustainability scores of certain issuers and sales of issuers with scores below threshold.

02.2 Sustainability in proprietary investments

02.2.1.4 Active engagement

Engagement is a cornerstone of how we see active ownership and is a core commitment to PRI Principle 2: "We will be active owners and incorporate ESG issues into our ownership policies and practices".

Engaging on sustainability topics is also an expectation of our customers and stakeholders. It also makes clear business sense as companies and external asset managers that effectively address ESG concerns are less likely to encounter or contribute to events that harm their stakeholders and/or business performance.

How we define engagements:

A contact to an investee company or an asset manager is an engagement if:

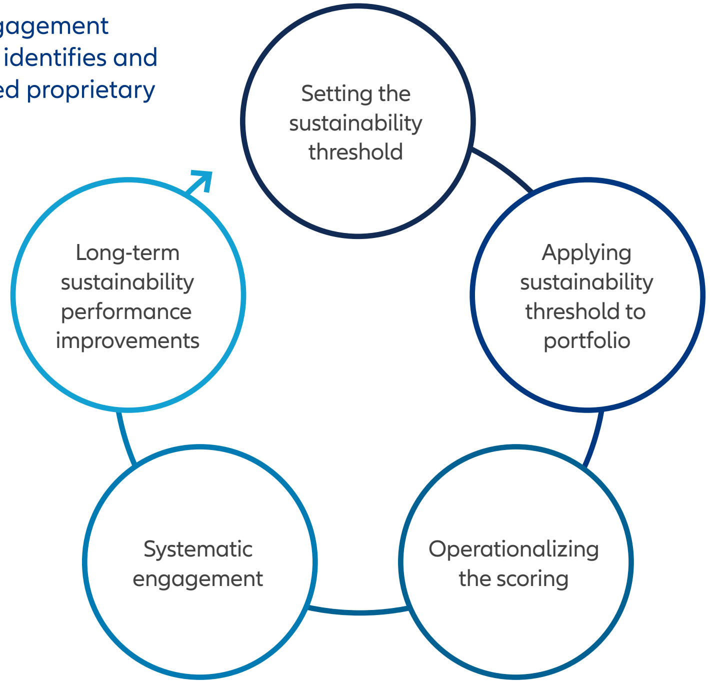
- it addresses a concrete sustainability related opportunity or concern, and
- it is based on in-house research (including also the broader market context and peer analysis), and
- it is preceded by a documented objective or a rationale for what a satisfactory response would entail.

When addressing climate change specifically, transitioning our investment portfolio to net-zero GHG emissions reduces the risks resulting from the transition to a low carbon economy. Engagement supports those taking actions to decarbonize their operations and mitigate climate change in the real economy.

Supporting real world decarbonization is an imperative for us because climate change poses a real threat to the insurance offerings that we provide to businesses and society broadly.

Engagements involve the AIM Sustainable Investing team and colleagues from other Allianz entities, where possible. By involving Allianz colleagues that are close to the business, either geographically or in expertise, we are more able to develop fit for purpose expectations and objectives. It also supports effective exchange with the company's management within the local context.

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



02.2 Sustainability in proprietary investments

Table ESG-9

Sustainability engagement: overview

		2022	2021	2020
Number of active engagements	#	57	61	68
Engagement outcomes				
Engagement closed successfully	#	2	21	3
Engagement closed with restrictions	#	0	2	8
Engagement on-going	#	55	38	57

Table ESG-10

Sustainability engagement: region

As of December 31		2022	2021	2020
Europe	#	12	15	17
North America	#	20	17	20
Asia Pacific	#	6	22	25
Emerging Markets	#	19	7	6

Table ESG-11

Sustainability engagement: sector

number of referrals

As of December 31		2022	2021	2020
Oil, Gas and Energy	#	40	34	36
Metals and Mining	#	4	7	6
Steel and Cement	#	5	7	6
Chemicals	#	2	3	5
Construction and Engineering	#	3	5	8
Other	#	3	5	7

Table ESG-12

Sustainability engagement: topics[1]

As of December 31		2022	2021	2020
CO_2 Emissions and Management	#	48	48	49
Health, Safety and Human Rights	#	10	17	17
Toxic Emissions and Waste	#	4	6	8
Product Safety	#	1	2	3
Biodiversity and Land Use	#	3	4	4
Other	#	4	3	9

1 Multiple topics per engagement possible.

02.2 Sustainability in proprietary investments

Bilateral engagements

All companies in which Allianz is invested in via public equity or fixed income are in scope of our bilateral corporate engagement. These investments could be made through our in-house asset managers as well as through asset managers that are external to the Allianz Group.

Corporate engagement is well suited to address idiosyncratic risks arising in our portfolios which are usually identified by our ESG scoring approach described in 02.2.1.3.

Questions, requests and expectations related to identified sustainability risks and opportunities are submitted to the company for written response. Based on this response, and backed-up by official company documents, the engagement team may clarify open points, request additional disclosures or conduct in-person (virtual) meetings with management. We request that any commitments a company makes to address topics raised are integrated into their annual reporting or other published materials approved by their management. This ensures transparency around commitments and holds the company accountable.

Each engagement is monitored to track the responsiveness of the company and progress against identified issues. If the company shows significant action to improve their sustainability risk management and/or to solve and prevent further sustainability issues arising, the engagement is closed as successful.

Should a company's answers continue to prove insufficient, show no willingness to improve sustainability performance or fail to respond to our engagement communications, our team recommends restriction of all investments in the company to the Chairperson of the Sustainability Board.

In 2022, we opened or continued direct engagement discussions with 57[1] (2021: 61) investee companies based on low ESG scoring. Two (2021: 21) of these engagements were considered successful and were closed, zero (2021: 2) were closed without success and the remaining 55 (2021: 38).

Collaborative engagements

Collaborative engagements can take the form of multiple investors addressing a single company or multiple companies and their value chain in a single sector.

Collaboration consolidates the efforts of the parties involved, allowing for more efficient and solution-oriented discussions at a greater level of detail. We support collaborative engagements where possible as a more effective and efficient form of investment stewardship.

The Climate Action 100+ (CA 100+) initiative is the most prominent collaborative corporate engagement on climate change mitigation and decarbonization strategies from companies. It now includes over 600 cooperating investors who represent US $68 trillion.

We support the CA100+ Net-Zero Company Benchmark and encourage all of our asset managers to make use of the results to inform their stewardship activities. In 2022, we continued to take an active role in the Climate Action 100+ initiative by co-leading specific engagements.

Asset manager engagement

The third pillar of AIM's engagement program is the asset manager engagement program which covers private and public markets asset managers.

As critical stakeholders of ours, asset managers have intensive relationships with investee companies and the organizational structures, expertise and analytical skills to assess and engage companies, often through dedicated stewardship teams. The way they represent and execute investment activities on our behalf is critical to our interests and investment objectives. Therefore, we clearly communicate our interests to asset managers and support them to align their investment and stewardship activities to best represent our long-term interests on sustainability and climate topics.

In addition to bi-lateral asset manager engagements, we are involved in collaborative asset manager engagements through the NZAOA. As co-leaders of the Engagement track, we support other asset owners to effectively engage their asset managers through their own selection, appointment and monitoring processes. We will continue to develop material and guidelines that benefit co-members, and the asset owner community more broadly, to effectively engage with asset managers.

To ensure alignment between our asset managers and our investment philosophy, we actively assess them against consistent core themes. If there are areas that do not meet our expectations, we engage on specific topics and ask for time-bound commitments to implement improvements. Voting on shareholder resolutions, routine votes and votes on directors are among the strongest ways public equity asset

1 57 Elevating Climate Diligence 2.pdf (unepfi.org).

02.2 Sustainability in proprietary investments

managers can represent our interests. We have implemented the NZAOA guidelines Elevating Climate Diligence on Proxy Voting Approaches across our public equity asset managers selection, appointment and monitoring cycle.

02.2.1.5 Exclusion of certain sectors, companies and sovereigns

Our exclusion approach covers multiple aspects with exclusion lists updated annually based on data from external service providers and in-house research. The following exclusion themes apply to Allianz portfolios globally:

1) Controversial weapons

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

2) Coal-based business models

Allianz started to restrict financing coal-based business models in 2015. Equity stakes have been divested, existing fixed income investments put in run-off and no new investments have been allowed since 2015. In 2021, Allianz released an update of its guideline on coal-based business models which defined even more ambitious thresholds from 1st of January 2023 and a clear pathway to further reduce thresholds in the future to fully phase out coal by 2040 at the latest. Our new stricter thresholds will be implemented via restrictions as of end of 2022 for 2023.

Table ESG-8

Divestment from coal-based business models
Proprietary Investments € mn

As of December 31		2022	2021	2020
Cumulative divestment since November 2015				
Cumulative divestment since 2015 – Fixed Income	€ mn	5,995.0	5,983.0	5,983.0
Cumulative divestment since 2015 – Equities	€ mn	350.7	347.5	347.5
Additional divestments				
Additional divestment – Fixed Income	€ mn	12.0	0.0	40.3
Additional divestment – Equities	€ mn	3.2	0.0	7.0

3) Oil and gas business models

In April 2022, Allianz released its new Statement on oil and gas business models. As of 1st of January 2025 we will have the expectation of a commitment of portfolio companies to net-zero GHG by 2050, in alignment with science-based 1.5°C pathways. This commitment will cover all three GHG emissions scopes for the companies with the largest hydrocarbon production (i.e., above 60 million barrels of oil equivalent production in 2020), which are estimated to represent approximately 85 percent of the hydrocarbon production of the oil and gas industry. In addition, in our existing oil sands approach the revenue threshold for companies active in oil sands will be reduced from 20 percent to 10 percent.

> **Please also see section 03.2 for more on our oil and gas statement.**

This approach is rooted in 1.5°C climate scenarios which see a need for a massive transformation of the energy sector, in which oil and gas demand and production need to decline drastically in the coming three decades. While oil and gas are still used and needed in this period, no new oil and gas exploration is needed anymore and energy needs to come largely from non-fossil sources by 2050 to allow net-zero emissions to be achieved by 2050. Allianz wants to support its clients and investee companies in this unprecedented transition.

4) Human rights concerns

Human rights are a fundamental value of our business activities. On the investment side, we restrict investments in sovereign bonds from countries associated with severe human rights concerns and significant issues managing those.

In addition to ESG ratings from external data providers, we review the Human Rights situation in a country with the Allianz Human Rights Risk Score, developed in 2022. Based on the United Nations Universal Declaration of Human Rights (e.g. right to liberty, equality, education, prohibition of torture, etc.), our experts assess countries' human rights risk exposure, using NGO information as well as in-house research.

> **For more information on our Allianz Group Human Rights approach, see section 05.5.**

5) Engagement outcomes

If the dialogue as part of our bilateral or cooperative corporate engagement program does not lead to the improvement of the issues raised by us, we restrict the issuer.

02.2 Sustainability in proprietary investments

02.2.1.6 Sustainable investments

Our clear framework and strategy for sustainable investments allows us to provide capital for financing the transition to a sustainable, low-carbon economy. We actively pursue investment opportunities that support solutions to environmental and societal challenges, aligned with the U.N. SDGs.

In accordance with the E.U. Sustainable Finance Disclosure Regulation (SFDR) Article 2(17), under our definition, investments labelled as sustainable have to comply with all of the following three criteria:

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

Table ESG-7

Proprietary sustainable investments

Proprietary Investments € bn

As of December 31		2022	2021	2020
Global Portfolio ESG screened[1]	€ bn	701.1	849.2	835.0
Sustainable investments	**€ bn**	**131.5**	**123.1**	**127.0**[2]
Thereof environmental objectives	€ bn	111.2	109.9	115.6
Thereof social objectives	€ bn	8.4	12.0	10.8
Thereof environmental and social objectives	€ bn	11.8	1.1	0.5
Asset class breakdown				
Thereof sustainable sovereigns	€ bn	87.9	84.1	92.7
Thereof sustainable corporates	€ bn	20.2	25.5	21.9
Thereof sustainable supranationals	€ bn	10.1	0.0	0.0
Thereof renewables	€ bn	7.0	7.0	6.9
Thereof impact and Blended Finance Investments	€ bn	0.8	0.4	0.2
Thereof green buildings	€ bn	5.6	6.4	5.6

1 Based on economic view.
2 Numbers were not part of the audit engagement.

We have developed an assessment approach to identify sustainable investments across a range of asset classes with respect to the three criteria. We will periodically review this approach to develop a best-in-class sustainable investments framework.

For more information, please see our Sustainable Investments Methodology in the Explanatory Notes.

In 2022, we added a new asset class to our sustainable investments assessment, namely Supranationals e.g., debt investments into Multinational Development Banks.

Sustainable investments asset classes:

- Sustainable corporates and other (including Green, Social and Sustainability Bonds)
- Sustainable sovereigns (including Green, Social and Sustainability Bonds)
- Renewables
- Green buildings
- Sustainable supranationals
- Impact and blended finance investments (Article 9 Funds according to EU SFDR Article 2 (17)).

Financing the transition to net-zero

Allianz systematically investigates a large spectrum of potential investments to finance the low-carbon transition and achieve positive impact. This covers various asset classes, markets, technologies and strategies.

A meaningful way to approach financing the transition is to cluster different investment opportunities according to their stage of development.

We have identified four stages of development that result in different activities and actions from our business:

1. **Identify opportunity**: We are developing an understanding of
   - technical solutions, main challenges, cost profile/development, etc.
   - risks and impact (interaction with initiatives, NGOs, etc.)
   - market, main players and existing investment opportunities
2. **Develop investment approach:** We reach out and interact with fund managers and develop an understanding of 'lowest risk' options.

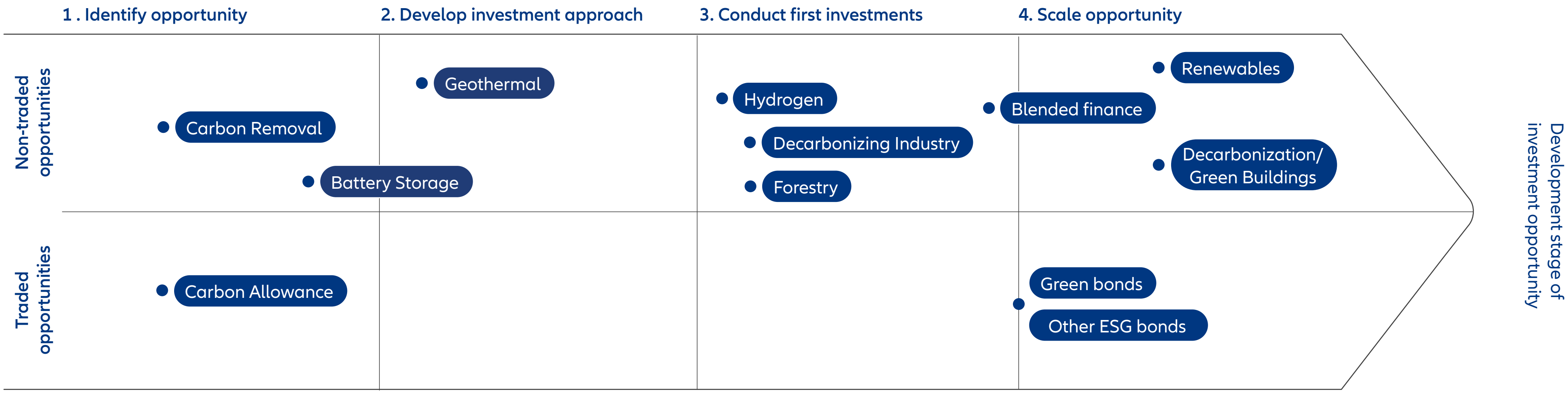
02.2 Sustainability in proprietary investments

3. **Conduct first investments:** We have implemented first investments, established relationships to key market players and started outreach to investigate the potential of strategic partnerships with industry players and asset managers (structured outreach approach currently in build-up).
4. **Scale opportunity:** We are scaling our investments to a significant volume and setting up separately managed accounts to best suit our investment requirements. We also expand geographical coverage, include further operating entities and enhance our risk profiles and approaches.

An example of blended finance[1] is our anchor investment in the Emerging Market Climate Action Fund (EMCAF). We are providing early-stage equity financing to climate mitigation and adaptation as well as environmental projects in emerging and developing markets by backing fund managers and project developers active in these markets. EMCAF has been initiated jointly by Allianz Global Investors and the European Investment Bank and has been endorsed by G7 as an innovative blended finance fund for mobilizing private investments for climate relevant infrastructure.

> **For more examples of our commitments to transition finance investments in 2022 please see section 02.2.2.**

How we think about financing the transition



1 Blended Finance structures: bringing together public or philanthropic concessional capital and private capital to promote small businesses in infant industries in particular in developing countries.

02.2 Sustainability in proprietary investments

02.2.2 Climate change and decarbonization targets for proprietary investments

The financial sector has a crucial role to play in enabling a low-carbon future. As asset owners, we are uniquely positioned to help transforming the global economy and financial systems by driving the decarbonization efforts of investee companies and reduction of GHG emissions in the real economy.

Targets and assessment of status-quo

Allianz commits to net-zero by 2050 for its proprietary investment portfolio. However, reducing GHG emissions and having real world impact in a global, diversified investment portfolio is a complex challenge and no simple solution exists.

The NZAOA recommends to apply a four-part approach to target setting to cover all relevant aspects. We are fully aligned with the recommendations of the NZAOA for setting intermediate decarbonization targets:

1. Quantitative sub-portfolio targets: Allianz sets quantitative emission reduction targets for asset classes where we are equity investors (i.e. listed equity, direct real estate and direct infrastructure) as well as investors in corporate bonds. For these asset classes data is largely available and methodologies are most advanced.

   In addition, we are setting targets for funds (equity) and private debt investments in the following asset classes: private equity funds, real estate funds, infrastructure funds, infrastructure debt and European commercial real estate lending (EU CREL). The approach for fund and private debt investments requests three components:

   a. Transparency: Carbon footprint reporting as explicit target

   b. New investments: Phase-in of net-zero targets

   c. Existing assets: Engagement approach

2. Sector targets: We are focusing on two high emitting sectors namely Oil and Gas and Utilities. Setting sector targets enables us to enhance the link between overall portfolio emissions reductions and sectoral efficiency gains.

3. Engagement targets: We consider engagement as one of the most important mechanisms that asset-owners have for contributing to a net-zero economy transition. Our engagement targets are set in conjunction with our sub-portfolio and sector targets.

4. Financing the transition: We are targeting investments in economic activities that contribute substantially to climate change mitigation.

02.2 Sustainability in proprietary investments

Target layer	Measure	Base year	Current year (2022)	Target year	Driver for change
Sub-portfolio Listed Equity **Sub-portfolio Corporate Bonds**	• -25% absolute owned GHG emissions, Scope 1 and 2	2019: 24.9mn tons of CO_2e[1]	16.2mn tons CO_2e	2024: 18.7mn tons of CO_2e	Δ Emissions: -6% Δ EVIC[2]: -3% Δ Allocation: -26%
Sub-portfolio Real Estate (direct/JV[3])	• Fully owned real estate portfolio aligned with 1.5 degree pathways of CRREM[4]		33.0 kgCo2e/ sqm		
Sub-portfolio Infrastructure Equity (direct)	• -28% absolute carbon reduction • Full transparency on financial emissions latest by 2023 • New direct investments in high emitting assets only in case a 1.5°C aligned decarbonization plan in place	2020: 0.6mn tons of CO_2e[5]	0.4mn tons of CO_2e (-30.4% against baseline)	2025: -28%	Active actions and engagements
Sub-portfolio Funds and Private Debt	• Asset classes covered: Infrastructure debt, infrastructure funds, real estate funds, private equity funds and EU CREL • All investments: Carbon transparency on financed emissions latest by FY2024 reporting • New investments: – Phase in of net-zero targets by 2025 – EU CREL: Targets aligned with 1.5°C pathways of CRREM[4] – Infrastructure debt in high emitting assets only in case a 1.5°C aligned decarbonization plan in place • 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 Joint Venture.
4 CRREM: Carbon Risk Real Estate Monitor.
5 Baseline is unaudited.

02.2 Sustainability in proprietary investments

Target layer	Measure		Base year	Current year (2022)	Target year	Driver for change
Sector utilities	• Coal phase out in line with 1.5 degree pathway • Increase direct and indirect exposure to renewable energy by 5.85% per year (IRENA[1] global pathway)	Indirect:	2019: N/A	N/A	2024: +5.85% p.a.	N/A
		Direct-debt:	2019: € 2.9bn	€ 2.7bn	2024: € 3.9bn	Driven by increase of interest rates in 2022 and selective investment approach
		Direct-equity:	2019: € 4.3bn	€ 4.2bn	2024: € 5.7bn	Selective investment approach during uncertain market developments
Sector oil & gas	• Scope 1&2 20 $kgCO_2e$/boe[2] in line with OGCI[3]		2019: N/A	N/A	2024: 20 $kgCO_2e$/boe	N/A
	• 50% of AuM to set net-zero 2050 targets for Scope 1+2 emissions		2019: ~40%	43%	2024: 50%	Engagements
Engagement	• Engagement coverage of at least Top 30 (non-aligned) emitters in portfolio • Full participation in all available AOA organized sector and asset manager engagements • Increase overall engagement activities by at least 100%					
Financing transition	• Blended finance 4–5 new vehicles • Climate-positive solutions: Start investing into e.g., Forestry, Hydrogen and other	In 2022 we committed additional EUR 3.2 bn in climate transition finance including: • Forestry: US commercial brownfield timberland assets • Dedicated Transition Finance Funds • Blended Finance: Co-investment alongside IFC in emerging market Paris-aligned infrastructure projects • Dedicated Clean Hydrogen Fund				

1 IRENA: The International Renewables Energy Agency is an intergovernmental organization supporting countries in their transition to a sustainable energy future.
2 BOE: Barrel of oil equivalent.
3 OGCI: Oil and Gas Climate Initiative; a CEO-led consortium of industry leading oil and gas companies.

02.2 Sustainability in proprietary investments

Next steps for target setting

We are continuously enhancing our decarbonization targets and intend to:

1. Increase the scope of asset classes covered with emission reduction targets: Allianz is working with the NZAOA to finalize the methods for sovereign bonds as next asset class. We will set targets for this asset class within 12 months after the recommended methodology is released by the NZAOA.
2. Tighten the threshold for coal-based business as of 2023 (see 02.2.1.5).
3. Enhance targets for oil and gas companies reflecting Allianz's new guideline: Similar to our own Scope 3 targets, the oil and gas industry also has a responsibility to reduce their Scope 3 emissions, which mainly are the emissions resulting from the burning of oil and gas downstream. Most companies have not yet set Scope 3 targets, making it difficult to track progress. We expect for the companies with the largest hydrocarbon production (i.e. above 60 million barrels of oil equivalent production in 2020) to make a thorough commitment to net-zero greenhouse gas emissions by 2050 across their full value chain by January 2025.

Calculating the carbon footprint of asset classes

To set targets and measure achievement, we calculate the carbon footprint of the respective asset classes. While we have already been reporting the carbon footprint of our Corporates and Listed Equities portfolios, we now also calculate the carbon footprint of our (direct) Real Estate, (direct) Infrastructure Equity and Sovereign bond[1] portfolios in line with the latest Partnership for Carbon Accounting Financials (PCAF) guidance. For details see our carbon footprint methodologies and TCFD reporting for our portfolio carbon footprint.[2]

> **See chapter 03 for more information on TCFD.**

1 Our sovereign carbon footprint calculation is in line with PCAF (Partnership for Carbon Accounting Financials) recommendations. Due to data uncertainty related to emissions from Land use, Land Use Change and Forestry (LULUCF), as a first step we currently calculate the Sovereign Carbon footprint excluding LULUCF only. In case no reasonable input data is available for a specific sovereign bond issuer, we exclude this issuer from the calculation.

2 Source: PCAF Global GHG Standard.

02.3 Sustainability in asset management

Table AAM-1

ESG-themed strategies for third-party assets from AllianzGI[1, 2]
Third Party Assets

As of December 31		2022	2021	2020
AllianzGI – Total	€ bn	139.6	184.3	95.4
ESG Risk focused	€ bn	17.2	43.1	51.0
Sustainability focused	€ bn	118.5	136.4	42.1
Impact focused	€ bn	3.9	4.8	2.2

Table AAM-2

ESG-themed strategies for third-party assets from PIMCO
Third Party Assets

As of December 31		2022	2021	2020
Socially Responsible and ESG AuM	€ bn	220.1	203.1	136.5

1 We renamed the table from 'ESG-themed investments for 3rd party assets' to 'ESG-themed strategies for third-party assets from AllianzGI / PIMCO' to highlight the fact that assets are categorized based on strategies within which such assets are invested. Such strategies and their corresponding classifications are in turn driven by our clients' sustainability objectives. For further details please refer to AllianzGI and PIMCO websites: Our approach (allianzgi.com); ESG Bond Funds – Sustainable & Green Bond Strategies | PIMCO.

2 From 3Q 2022 onwards, amounts are presented in accordance with the amended definition of assets under management and include portfolios sub-managed by third-party investment firms. Comparative periods are not affected by the amendment.

AllianzGI **ESG risk-focused** portfolios incorporate material ESG risk considerations into the investment process across all asset classes to seek enhanced risk-adjusted returns without restricting the investment universe.

Integrating ESG applies a systematic approach to identifying material ESG risks and opportunities when making investment decisions. Understanding these impacts is vital to inform investment decisions that deliver long-term performance for clients.

AllianzGI **Sustainability-focused** product offering aims to achieve financial returns for clients while following sustainability objectives and values by applying a minimum exclusion list and sustainable investment approaches including SRI best-in-class or a KPI-based approach such as a carbon reduction pathway.

AllianzGI **Impact-focused** approaches aim to support investors who want to enable positive change while generating a return. Impact investing contributes to specific material positive environmental and/or social outcomes that can be measured using KPIs against specific goals that are often consistent with the U.N. SDGs.

PIMCO defines **Socially Responsible and ESG AuM** as PIMCO-sponsored funds and separate accounts, including AuM managed on behalf of Allianz affiliates, with (i) more than one client-driven values-based exclusion ('socially responsible portfolio'); (ii) specified ESG-linked objectives ('ESG' portfolios); or (iii) a focus on a sustainability-related theme (e.g., climate bond funds/commingled funds) ('thematic portfolios').

The above classifications from AllianzGI and PIMCO are internal and not related to any regulations.

For further details please refer to AllianzGI and PIMCO websites:
- **Our approach (allianzgi.com)**
- **ESG Bond Funds – Sustainable & Green Bond Strategies | PIMCO.**

Allianz Group's asset management segment sees integration of sustainability as an important industry driver. As active managers with leading research capabilities and global alliances, our two major asset managers – Allianz Global Investors (AllianzGI) and PIMCO – innovate offerings across the broad spectrum of sustainability orientation of our clients.

The asset managers cater to a wide range of investors with bespoke ESG integration needs – from retail fund investors to institutional clients. They also take an active role in dialogue within industry and market initiatives.

02.3 Sustainability in asset management

As a diversified player, sustainable investing is a core part of AllianzGI's strategy. It manages € 139.6 billion of third party assets (2021: € 184.3 bn) across various ESG approaches.

AllianzGI's ambition is to grow its offering of sustainable and impact-focused investment products and customized solutions across public and private markets, demonstrating its commitment to shaping pathways to a more sustainable future.

It has identified three themes – climate change, planetary boundaries and inclusive capitalism – which are critical to society, investors and AllianzGI as a business. These themes inform its research and stewardship activities, product development and industry commitments.

A premium fixed-income player, PIMCO manages € 220.1 billion of third party assets (2021: € 203.1 bn) across ESG-themed strategies. PIMCO believes that the global bond market and its investors will be essential in meeting ambitious global goals on climate, achieving the SDGs and financing a sustainable future. Its sustainability philosophy centers on being a steward of clients' capital with a fiduciary duty to manage risk and a responsibility to use its scale as a special platform to engage with issuers to lead industry wide change.

The investment industry is in the early stages of its sustainability journey and will continue to evolve. It will take both policy formulation alongside capital markets to support this evolution.

Specifically within the real estate business, the ESG integration framework is designed to improve sustainability performance and transparency of real estate assets as well as addressing issues such as physical climate to reduce the risks of obsolescence and depreciation.

Targets and commitments

As a member of the global Net-Zero Asset Managers initiative, AllianzGI is committed to supporting the goal of net-zero GHG emissions by 2050 or sooner. It is also a member of the One Planet Asset Managers Initiative which supports members of the One Planet Sovereign Wealth Funds (OPSWF) in the integration of climate-related risks and opportunities within long-term investment portfolios.

As a private markets investor, AllianzGI can engage and steward the assets and funds it invests in through its levers of influence, specific to each strategy.

The firm takes this role seriously and endeavors to keep pushing the markets towards higher standards, leveraging and inputting into industry initiatives that ensure high ESG standards across all markets, including private markets where we continue to play an active role in associations to shape the industry. For example, AllianzGI's head of Sustainable and Impact investing was appointed to the board of the Global ESG Benchmark for Real Assets (GRESB) which continues to set standards for private markets to ensure they remain investor led and aligned with responsible investment principles.

PIMCO is committed to providing the best advice and solutions for clients on a range of sustainability and ESG issues, including climate change. It manages significant assets on behalf of 34 of the 71 asset owners[1] who have committed to transition their portfolios to net-zero GHG emissions by 2050.

PIMCO participates in global initiatives, such as the U.N. Global Compact's CFO Coalition for the SDGs, where it is driving global sustainability efforts, defines ESG standards and encourages greater disclosure from issuers. It is also a part of the International Capital Markets Association (ICMA) Green Bond Principles (GBP) and Social Bond Principles (SBP) Executive Committee and collaborates with external experts such as Mark Carney, who became a member of PIMCO's Global Advisory Board in 2020.

PIMCO is committed to supporting the evolution of the ESG bond market. In establishing a leadership role in global capital markets, PIMCO has made clear that sustainable economic development is essential to its clients' financial objective.

1 As of 31 December 2021.

02.3 Sustainability in asset management

02.3.1 Allianz Global Investors progress

AllianzGI continues to grow its sustainability offering to reach its targets and commitments. Supported by an established team, it made significant progress in 2022, including:

- Implementation of a proprietary, state-of-the-art sustainable data architecture supporting portfolio managers in their decision making.
- Implementation of a dedicated private markets impact unit within the sustainable investment platform and continued drive in blended finance. In June, the G7 endorsed the Emerging Markets Climate Action Fund, recognizing it as a concrete innovative and market-led approach to mobilize private investments for climate relevant infrastructure and to enhance multilateral finance and collaboration.
- Launching sustainable investing and taxonomy share commitments for all relevant sustainable- and impact-focused strategies, facilitated by an in-depth analysis of nearly 130 companies and over 460 business activities by AllianzGI's dedicated sustainability research team.

As part of its commitment to foster discussion with clients on net-zero investment approaches, AllianzGI has introduced a new investment approach focused on reducing the carbon footprint of portfolios. Funds managed according to this approach are either committed to reduce their GHG footprint along a set pathway by 5 percent per year or stay below their benchmark in terms of GHG intensity by 20 percent. AllianzGI is also working on a net-zero alignment share sustainable investment approach which it aims to launch in 2023.

In 2022, AllianzGI increased the focus on social and environmental topics in its engagement activities. The share of engagements on environmental and social issues increased to 69 percent in 2022 from 42 percent in 2021.

AllianzGI once again showcased its strong commitment to engagement in 2022 with 438 (2021: 299) company engagements covering 996 (2021: 482) topics in 355 (2021: 238) companies and 28 (2021: 27) markets.

Active investment strategies benefitted from exercise of voting rights and proxy voting. Across the year, AllianzGI voted at 10,205 shareholder meetings. In about 70 percent of meetings they voted against management, withheld or abstained with at least one vote. These figures reflect AllianzGI's highly active and globally consistent approach to stewardship and a willingness to vote against proposals that do not meet its expectations of investee companies as well as fulfilling its duty to act in the interests of clients by considering each proposal on merit.

Specifically in the private markets – where AllianzGI has over 10 years of history in delivering sustainable outcome-led investment offerings – several of its private markets teams have set the target to grow the share of low-emitting assets for new strategies and investments.

The firm is also one of the first movers in delivering blended finance vehicles where investment from both institutions and public funds are combined to create opportunities to create impact, especially in emerging markets, which are de-risked for commercial investors – for example the Emerging Market Climate Action Fund.

Read more in AllianzGI's Sustainability Report.

02.3 Sustainability in asset management

02.3.2 PIMCO's progress

PIMCO integrates ESG factors from a top down and bottom up perspective

Top down

Themes identified through annual Secular Forum process

Speakers include Nobel Prize winners, heads of state, renowned academics, global central bankers

Climate Change	Geopolitics	Corporate governance
Inequality	Demographic trends	Cybersecurity

Specialty desks, credit analysts, security selection

Understanding all material risks is critical to making sound investment decisions, for example:

Environment	Social	Governance
Employs resource efficiency from waste to energy consumption	Ensures sound product safety and quality standards to protect end-users	Management's capacity to manage risk over the cycle

Bottom up

PIMCO's investment management process evaluates ESG risk factors from both the top down (i.e., macro) and bottom-up (i.e., security specific) where applicable.

For investors seeking greater ESG orientation in their portfolios, PIMCO offers a suite of ESG-dedicated solutions. The platform builds on PIMCO's core ESG process and sustainability-specific features focused in three areas: exclusions, evaluation, and engagement.

In 2022, PIMCO formalized its Net-Zero Framework for its set of clients who are looking to decarbonize their portfolios. PIMCO's Net-Zero Framework provides clients with an approach for decarbonizing portfolios over time that is based on current assumptions (including science-based pathways), increasing investments in climate solutions and leaders, and applying metrics for evaluating the portfolio relative to these objectives.

PIMCO recognizes that there is no standard definition of a 'net-zero' portfolio and PIMCO makes no representation that portfolios utilizing its framework are currently achieving net-zero emissions. There can also be no guarantee that portfolios utilizing the framework will achieve net-zero emissions in the future. Many clients have defined their own approach, targets and methodologies for decarbonizing their portfolios.

PIMCO's Net-Zero Framework is recommended to support the implementation of their roadmap. It can be adapted as necessary to accommodate specific criteria and preferences, and also for investors who may have not developed or opted to follow a specific approach.

PIMCO's approach leverages a toolkit consisting broadly of four core pillars to help decarbonize a portfolio, which can all be sub-targets:

Reduce Carbon Intensity: Move away from issuers with no ambition to transition, in particular in high carbon intensive sectors (e.g. fossil fuels) and reduce the overall exposure to areas that are in contrast with the objectives set by the Paris Agreement on Climate Change.

Invest in Climate Leaders: Allocate to issuers that we deem to be at the forefront of the net-zero transition. These issuers have demonstrated commitment to mitigating carbon emissions and their broader environmental footprint, in sectors that may involve water, plastic, air pollution or biodiversity.

Support Climate Solutions: Invest in labelled green bonds and unlabeled bonds of issuers that are materially exposed to climate solutions, such as a

02.3 Sustainability in asset management

solar company or an electrified passenger rail transport company, rather than an explicit green project.

Influence change: Increase the exposure to issuers that PIMCO expects to engage with on net-zero strategies or targets. PIMCO expects that its engagement activities will focus on bolstering issuers' alignment with the Paris Agreement targets, supporting companies to improve management of underlying credit risks by moving from awareness to readiness and ultimately commitment to be consistent with global climate goals (e.g. setting science-based GHG emissions reduction targets, with a focus on the most ambitious pathway).

In terms of PIMCO's engagement efforts, analysts engaged 1,371 (2021: 1,585) corporate bond issuers in 2022 across a range of industries and regions. More than 650 of those 1,371 issuers were engaged in depth, meaning that PIMCO held discussions with the issuer on ESG topics and provided specific recommendations for consideration.

Specifically for the Allianz Real Estate business which PIMCO assumed in 2020, it has implemented a new ESG assessment for real estate fund investments.

It has also expanded its ESG assessment capabilities for direct real estate investments – for example by incorporating new physical climate risk analytics capabilities – and focused on meeting regulatory disclosure requirements in the context of SFDR and EU Taxonomy regulation.

Among other steps taken, new acquisitions will be assessed against 1.5°C GHG and energy pathways and the investment needed to meet related targets will be considered.

Procurement of renewable energy and engagement to convince tenants to switch to green electricity will be a priority (e.g. via standard lease agreements).

Where deep refurbishments are required, completed buildings will be highly energy efficient to ensure long-term compliance with the 1.5°C GHG pathway.

Read more in PIMCO's ESG Investing report.

Sustainability in our organization

We aim to be sustainable in everything we do and every decision we take globally and locally. This commitment shapes our relationships and impacts on employees, customers, communities and wider society. We focus on measuring and managing the social, environmental and economic impacts of our organization on people and the planet to help deliver the U.N. SDGs.

02.4 Human resources

Human resources performance data

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

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

Table HR-1

Employee overview

As of December 31		2022	2021	2020
Total number of employees (core business)[1]	#	154,023	148,708	148,929
thereof: men	%	48.0	48.4	48.7
thereof: women	%	52.0	51.6	51.3
Total number of employees (core and non-core)	#	159,253	155,411	150,269

Table HR-2

Employees by region

As of December 31		2022	2021	2020
Germany	#	39,198	39,720	39,768
France	#	13,106	13,325	13,538
United Kingdom	#	10,620	10,752	10,936
India	#	9,971	8,461	7,862
United States	#	8,259	7,897	7,802
Australia	#	6,651	5,912	5,668
Italy	#	6,021	6,194	6,087
Spain	#	4,777	4,485	4,308
Brazil	#	4,014	3,886	4,291
Austria	#	3,076	3,119	3,105
Other	#	53,560	51,660	46,904
Total	#	159,253	155,411	150,269

Table HR-3

Employment relationships

As of December 31		2022	2021	2020
Full-time employees[2]	#	130,876	125,160	124,937
	%	87.7	87.1	86.9
thereof: male	#	68,808	66,875	67,103
	%	52.6	53.4	53.7
thereof: female	#	62,068	58,285	57,834
	%	47.4	46.6	46.3
Part-time employees[2]	#	18,376	18,460	18,768
	%	12.3	12.9	13.1
thereof: male	#	3,854	3,783	3,961
	%	21.0	20.5	21.1
thereof: female	#	14,522	14,677	14,807
	%	79.0	79.5	78.9
Trainee ratio[3]	%	2.2	2.0	2.1

As of December 31		2022	2021	2020
Permanent employees	#	143,843	138,778	138,974
	%	93.4	93.3	93.3
thereof: male	%	48.3	48.8	49.1
thereof: female	%	51.7	51.2	50.9
Temporary employees	#	10,180	9,930	9,955
	%	6.6	6.7	6.7
thereof: male	%	43.3	42.8	42.5
thereof: female	%	56.7	57.2	57.5

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

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

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

02.4 Human resources

Table HR-3

Employment relationships

As of December 31		2022	2021	2020
Permanent employees	#	143,843	138,778	138,974
Germany[1]	#	43,846	42,557	41,821
Eastern Europe	#	8,103	7,414	7,897
Rest of Western Europe	#	55,404	54,149	54,579
Middle East & Africa	#	5,200	4,564	4,336
North America	#	8,526	8,385	8,451
South America	#	3,437	3,614	3,967
Asia Pacific	#	19,327	18,095	17,923
Temporary employees	#	10,180	9,930	9,955
Germany[1]	#	3,241	3,137	3,241
Eastern Europe	#	529	392	417
Rest of Western Europe	#	2,674	3,114	3,172
Middle East & Africa	#	1,534	1,436	1,375
North America	#	31	34	44
South America	#	42	43	38
Asia Pacific	#	2,129	1,774	1,668

Table HR-4

Age structure

% of total employees (core business)

As of December 31		2022	2021	2020
All employees				
% of 24 or under	%	6.1	5.9	6.3
% of 25–34	%	28.4	28.6	28.8
% of 35–44	%	28.1	27.9	27.5
% of 45–54	%	23.0	23.5	23.6
% of 55–64	%	13.9	13.5	13.1
% of 65 or over	%	0.6	0.6	0.7
Average age	years	40.7	40.7	40.6
Allianz SE Board of Management				
Age range lower boundary	#	48	47	46
Age range upper boundary	#	64	63	62
% of below 30	%	0.0	0.0	0.0
% of 30–50	%	18.0	40.0	30.0
% of above 50	%	82.0	60.0	70.0
Allianz SE Supervisory Board				
Age range lower boundary[2]	#	52	n/a	n/a
Age range upper boundary[2]	#	68	n/a	n/a

1 Including headcount of legal subsidiaries situated outside Germany.
2 Data disclosed since 2022.

02.4 Human resources

Table HR-5

Employee turnover

% of total employees (core business)

As of December 31		2022	2021	2020
Employee turnover rate	%	16.9	15.3	12.9
Turnover rate (share of men)	%	17.3	15.8	12.7
Turnover rate (share of women)	%	16.3	14.9	12.9
Turnover rate by region				
Germany	%	9.7	8.1	6.4
Eastern Europe	%	20.0	15.6	15.6
Rest of Western Europe	%	19.5	17.6	14.5
Middle East & Africa	%	23.7	23.7	21.9
North America	%	17.3	16.1	13.4
South America	%	16.3	16.8	13.9
Asia Pacific	%	22.3	21.9	18.5

Table HR-6

Employee recruitment

As of December 31		2022	2021	2020
Total recruitment (external and internal)	#	29,210	33,378	19,564
Total recruitment (share of men)	%	47.4	46.2	49.6
Total recruitment (share of women)	%	52.6	53.8	50.4
Total recruitment by region				
Germany	%	12.0	32.3	10.9
Eastern Europe	%	14.2	11.0	10.4
Rest of Western Europe	%	21.3	17.5	12.4
Middle East & Africa	%	29.9	23.6	18.1
North America	%	21.6	15.6	11.1
South America	%	13.2	8.1	6.0
Asia Pacific	%	27.9	24.0	23.0

Table HR-7

Diversity

As of December 31		2022	2021	2020
Women in Allianz SE Supervisory Board Legal obligation 30%	%	41.7	33.3	33.3
Women in Allianz SE Board of Management	%	27.3	20.0	20.0
Women in Executive Positions (Top Management)[1]	%	32.4	31.6	30.4
Women in Allianz Global Executive (AGE) Positions[2] Target 30% by year-end 2024	%	23.8	24.5	n/a
Women in Allianz Senior Executive (ASE) Positions[2] Target 30% by year-end 2024	%	26.2	24.7	n/a
Women in Allianz Executive (AE) Positions[2] Target 40% by year-end 2024	%	33.7	32.8	n/a
Female managers (of total managers)[3]	%	38.8	38.6	38.2
Women in talent pools Target 50% by year-end 2024	%	42.0	43.4	42.3
Share of women in core business	%	52.0	51.6	51.3
Nationalities represented in executive positions[4]	#	73	67	59
Nationalities in Allianz SE Board of Management	#	6	5	6
Nationalities in Allianz SE Supervisory Board	#	5	n/a	n/a
Share of employees with disability[5]	%	2.3	2.3	2.0

1 Includes women in all executive positions (Allianz Global Executive Positions, Allianz Senior Executive Positions, and Allianz Executive Positions).
2 Data disclosed since 2021.
3 Includes women functionally responsible for other staff, regardless of level, e.g., division, department and team managers.
4 Figures calculated by including all executive positions (Allianz Global Executive Positions, Allianz Senior Executive Positions and Allianz Executive Positions).
5 Excluding United States employees due to legal constraints.

02.4 Human resources

Table HR-8

Sickness-related absenteeism
average days per employee

As of December 31		2022	2021	2020
Overall average	days/empl	8.1	6.9	6.9
Average days by region				
Germany	days/empl	11.5	9.4	9.6
Eastern Europe	days/empl	6.0	5.5	5.8
Rest of Western Europe	days/empl	9.2	8.2	7.8
Middle East and Africa	days/empl	2.9	2.7	2.5
North America	days/empl	1.7	1.3	1.3
South America	days/empl	2.5	1.7	2.2
Asia Pacific	days/empl	3.5	3.0	3.0

Table HR-9

Total absenteeism

As of December 31		2022	2021	2020
Total absenteeism lost days	days	1,194,469	993,348	981,093
Absenteeism – coverage of employees (core business)	%	100.0	100.0	100.0

Table HR-10

Health and safety

As of December 31		2022	2021	2020
Number of work-related injuries[1]	cases	599	578	n/a
Number of fatal occupational injuries during work[1]	persons	0	1	n/a
Numbers of hours worked on average of a full-time equivalent (core)	hours	7.7	7.7	7.7

Table HR-12

Allianz Engagement Survey

As of December 31		2022	2021	2020
Number of employees invited to participate in the Allianz Engagement Survey (AES)	#	133,944	132,126	132,593
Number of OEs invited to participate in the AES	#	71[2]	64	67
AES Participation rate	%	84	82	85
Work Well Index+ (WWi+)	%	71	69	70
Employee Engagement Index	%	76	76	78
Inclusive Meritocracy Index (IMIX) IMIX board target 75% plus by year-end 2024	%	79	78	78

Table HR-11

Employee training

As of December 31		2022	2021	2020
Total expenses for employee training	€ mn	106.3	102.9[3]	63.1
Training expenses per employee	€/empl	719.4	716.0	441.7
Average training hours	hours/empl	45.2	34.7[4]	20.7
Staff	hours/empl	42.3	33.3	20.5
Managers	hours/empl	64.7	43.5	21.6
Employees undergoing at least one training session	%	102.9	103.1[5]	78.8
Staff	%	102.8	102.9[5]	78.0
Managers	%	103.6	104.5[5]	83.7

1 Data disclosed since 2021.
2 Increase mainly driven by restructuring of Allianz Germany.
3 Increase in training expenses driven by methodological adjustment towards industry practice to include overhead expenses.
4 In 2020 reported as training days per employee; definition adjusted to market practice in 2021.
5 The percentage of employees with at least one training can be higher than 100 percent due to the reporting period calculation methodology including employee in- and outflows.

02.4 Human resources

Table HR-13

AllianzU powered by Degreed

As of December 31		2022	2021	2020
Learning users logged into AllianzU platform (Degreed)[1]	#	83,529	n/a	n/a
Learning hours on AllianzU platform (Degreed) per user[1]	#	22.6	n/a	n/a

Table HR-14

Participation and Completion of Leadership Program (#LEAD)

As of December 31		2022	2021	2020
Number of leaders in scope who attained or refreshed the #lead Allianz Leadership Passport since launch in 2020	#	14,997	11,850[2]	n/a
% of leaders in scope who attained or refreshed the #lead Allianz Leadership Passport since launch in 2020[3]	%	84.1	93.1[2]	n/a
#Lead Allianz Leadership Passport: Training hours (incl. the refresh)[4]	#	1,247,025	339,264[2]	n/a

Table HR-15

Collective Bargaining

As of December 31		2022	2021	2020
# employees that are represented by independent trade unions or covered by collective bargaining agreements	#	97,542	97,599	93,247
% employees that are represented by independent trade unions or covered by collective bargaining agreements	%	61.2	62.8	62.1

Table HR-16

Employee Share Purchase Program (ESPP)

As of December 31		2022	2021	2020
Employees participating in ESPP	%	61	50[5]	51
Number of countries with employees participating in the ESPP	#	41	42	42
Investment volume ESPP	€ mn	144.4	133.9	113.0

1 Data disclosed since 2022.
2 Data disclosed since 2021.
3 Decrease over time due to an increase in leaders in scope from 12,733 in 2021 to 17,833 in 2022.
4 Learning hours in 2021 also include parts of learning hours from 2020 as launch was at the end of 2020.
5 Partially estimated.

02.4 Human resources

The metrics in tables HR-17 and HR-18 show the ratio of women to men for a) base salary and b) base salary plus variable compensation paid out, respectively by location of operation, level, and function.

The ratios indicate differences in average salary between women and men within each employee category irrespective of the specific role or seniority. If within one category one gender predominates in the senior positions, this will be reflected in the genders' remuneration averages, resulting in ratios below or above one in the tables. This has no bearing on Equal Pay for women and men performing the same or similar work in comparable roles.

1 The analysis is based on salary data as of 31 December 2022 and comprises our significant locations of operation. For this analysis, we define significant locations of operation as the five largest company groups in terms of active headcount excluding global lines. The following companies were in scope, comprising 29 % of Allianz's global active headcount: Allianz Australia: Allianz Australia Ltd., Sydney (91 % of company group's active headcount), Allianz France: Allianz Vie S.A., Allianz Informatique France (94 % of company group's active headcount), Allianz Germany: Allianz Versicherungs-AG, Allianz Beratungs- und Vertriebs-AG, Allianz Lebensversicherungs-AG, Allianz Private Krankenversicherungs-AG, Allianz ONE (93 % of company group's active headcount), Allianz Italy: Allianz S.p.A. (75 % company group's active headcount), Allianz United Kingdom: Allianz Management Services Ltd., Liverpool Victoria Gen. Ins. Ltd., Fairmead Ins, Home & Legacy Ins Services Ltd (100 % of company group's active headcount).

2 There are no women in this category.

Table HR-17

Pay Equality: Ratios of basic salary (women to men)[1]

		Function				
As of December 31	Level	Central Functions	Product Provider	Market Management	Sales/Distribution	Operations
Germany	Management	0.9	0.8	n/a[2]	0.9	1.0
	Non-management	1.1	0.9	0.8	0.9	0.9
France	Management	0.8	0.8	0.7	1.0	1.0
	Non-management	0.9	0.9	1.1	0.9	0.9
United Kingdom	Management	0.7	0.9	0.9	0.9	0.8
	Non-management	0.9	0.9	0.9	0.9	0.9
Australia	Management	1.0	1.1	1.0	0.9	0.8
	Non-management	0.9	0.8	0.9	0.9	0.9
Italy	Management	0.7	0.9	1.2	0.8	0.7
	Non-management	0.9	0.9	0.9	0.8	0.9

Table HR-18

Pay Equality: Ratios of basic salary plus variable compensation paid out (women to men)

		Function				
As of December 31	Level	Central Functions	Product Provider	Market Management	Sales/Distribution	Operations
Germany	Management	0.8	0.7	n/a[2]	0.9	0.9
	Non-management	1.1	0.9	0.8	0.8	0.9
France	Management	0.7	0.7	0.5	0.9	1.1
	Non-management	0.9	0.9	1.1	0.8	0.9
United Kingdom	Management	0.7	0.9	0.9	0.9	0.8
	Non-management	0.9	0.9	0.9	0.9	0.9
Australia	Management	1.1	1.3	1.1	0.9	0.8
	Non-management	0.9	0.8	0.9	0.9	0.9
Italy	Management	0.6	0.7	0.9	0.7	0.8
	Non-management	0.9	0.9	0.9	0.8	0.9

02.4 Human resources

The metrics in table HR-19 show the ratios of standard entry level wage compared to local statutory minimum wage by location of operation and gender.

Table HR-19

Wage level: Ratios of standard entry level wage compared to local minimum wage[1, 2]

As of December 31	Male	Female
Germany[3]	1.5	1.5
France	1.1	1.1
United Kingdom[3]	1.2	1.2
Australia	1.0	1.0
Italy[4]	n/a	n/a

The metrics in table HR-20 show the ratios of the CEO's annual total compensation (base salary plus variable compensation paid out) to the median of the annual total compensation of all company employees except the CEO by location.

Table HR-20

Wage level: Ratios of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO[1, 5]

As of December 31	2022
Germany[6]	15.3
France	31.7
United Kingdom	21.3
Australia	22.1
Italy	42.2

1 The analysis is based on salary data as of 31 December 2022 and comprises our significant locations of operation. For this analysis, we define significant locations of operation as the five largest company groups in terms of active headcount excluding global lines. The following companies were in scope, comprising 29 % of Allianz's global active headcount: Allianz Australia: Allianz Australia Ltd., Sydney (91 % of company group's active headcount), Allianz France: Allianz Vie S.A., Allianz Informatique France (94 % of company group's headcount), Allianz Germany: Allianz Versicherungs-AG, Allianz Beratungs- und Vertriebs-AG, Allianz Lebensversicherungs-AG, AZ Private Krankenversicherungs-AG, Allianz ONE (93 % of company group's active headcount), Allianz Italy: Allianz S.p.A. (75 % company group's active headcount), Allianz United Kingdom: Allianz Management Services Ltd., Liverpool Victoria Gen. Ins. Ltd., Fairmead Ins, Home & Legacy Ins Services Ltd (100 % of company group's active headcount).

2 We define the standard entry level wage as the full-time wage in the lowest employment category. Intern or apprentice wages are not considered entry level wage.

3 For Germany and United Kingdom, we show headcount weighted averages of company ratios.

4 In Italy, there was no statutory minimum wage in 2022.

5 The annual total compensation in this analysis comprises the base salary and variable compensation elements such as the annual bonus, long-term, share-based compensation, sales commissions, or one time rewards paid to the employee.

6 For Germany, we show headcount weighted averages of company ratios.

02.4 Human resources

Building confidence in tomorrow starts with creating an environment where our 154,023[1] employees can work and be at their best. This enables us to come together to deliver trusted, innovative, customer-centric solutions that impact communities and secure their future.

Our overarching goal and purpose

Delivering our purpose 'We secure your future' starts with our employees who are part of our diverse and global workforce. Our purpose anchors our Group strategy, employee value proposition, brand promise, and customer experience principles, and it drives our decisions and actions.

To ensure that our people and culture reach their full potential, we focus on solutions that are not merely meeting the demands of today, but also the forecasted needs of the future. Allianz has a strong stance on employee engagement, training, lifelong learning, and personal development, accompanied by strategic workforce planning. We focus on diversity, equity and inclusion as well as talent acquisition. The health, safety, and well-being of our employees continue to be of utmost importance. All these areas are outlined in our People Strategy which is in line with our Stakeholder expectations.

Updates are given to the Allianz SE Board of Management and Supervisory Board on a regular basis. Thereby, we fulfil our ambition as an employer to contribute to SDG 8, Decent work and Economic growth – i.e., to promote inclusive and sustainable economic growth, employment, and decent work for all.

We held our third global Allianz Purpose & Strategy Day in summer 2022 to engage our employees on our purpose. We turned a one-day global event into a deeper employee journey into our purpose, new strategic objectives, and culture.

We reached more than 55 operating entities and 148,500 employees took part in networking sessions, animated learning videos, an interactive virtual universe for employees to state their contribution to our purpose, and an interview with our CEO, Oliver Bäte, during which he provided a deep dive into our strategy 2022+. The positive impact of the Purpose & Strategy Day is reflected in an increase of favorable survey responses from employees towards our purpose and its communication to 71 percent (2021: 67 %).

Our response to the multi-crisis situation

In 2022, the ongoing COVID-19 pandemic, the war in Ukraine, a prevailing energy crisis, and rising inflation constituted a multi-crisis situation associated with increased uncertainty. Our goal at Allianz is to ensure our employees' safety and health as a basis for sustainable economic success. Therefore, Allianz has implemented several initiatives in 2022. On a global level, we offered information and Q&A sessions to inform employees about the political and economic implications of the current situation. Within our Health & Well-being offers, special topics were included to strengthen the mental health of employees in this multi-crisis situation. In 2022, we extended the scope of our employee listening strategy by introducing two employee pulse surveys aimed at proactively identifying issues that might affect the engagement and well-being of our employees. In our annual employee survey, 84 percent of Allianz employees agree that the company is responding appropriately when faced with a crisis.

Allianz Engagement Survey

The Allianz Engagement Survey (AES) is our formal employee platform for gathering employee feedback on an annual basis and promoting a high performance culture. The results of the AES are directly linked to the performance targets of the Group's Board of Management.

In 2022, 133,944 employees (2021: 132,126) from 71 entities (2021: 64) worldwide were invited to take part in the AES. Participation in this Group wide survey remained high with a response rate of 84 percent (2021: 82 %).

This year, two of the three main indices reached record levels in Allianz Group history, the Inclusive Meritocracy Index (IMIX) – with 79 percent (2021: 78 %) – and the Work Well Index (WWi+) – with 71 percent (2021: 69 %). Our third index, the Employee Engagement Index (EEI) remained stable at the second highest level in Allianz history at 76 percent. We are proud of our organizational resilience in this time of crises that is reflected in these results.

We consider these good results particularly important as employee engagement is linked to increases in business profitability, talent retention, and performance. Across Allianz Group, we also find that operating entities with higher AES results are more likely to perform as NPS Loyalty Leaders among customers in their respective markets.

1 Figures include only employees in core business; total employees (core and non-core): 159,253.

02.4 Human resources

Besides looking at overall results, the AES has become an important source to deep dive into the needs of different employee groups based on, e.g., gender, tenure, age and talent segment clusters, thereby providing insights for focused follow up actions in order to meet group specific needs.

Based on the survey result analysis and discussion, the overarching themes for creating impact on engagement in 2023 are:

- Implement focused follow up actions on the most relevant engagement dimensions: Recognition & Rewards, Innovation & Change, Top Management & Strategy, and Products.
- Continuously evaluate employee engagement by collecting and responding to employee feedback throughout the year within our employee listening strategy; e.g., via quarterly pulse surveys designed to provide additional insights on strategic topics and to strengthen our AES follow-up activities.
- Foster co-creation and mutual exchange of best practices by integrating global and local efforts under the umbrella of our 'Engagement Matters' Program.

With our **'Engagement Matters' Program**, introduced in 2022, we connect local and global engagement opportunities under one umbrella across five pillars: 1) Health & Well-being, 2) Strategy & Top Management, 3) Jobs, Processes, Innovation & Change, 4) Learning & Development, 5) Recognition & Reward. As part of the program we launched a central engagement hub and a digital magazine which summarize opportunities and resources, such as listening sessions with board members, mindfulness moments and trainings, mental health talks and podcasts, learning and development opportunities, and benefits beyond pay.

AES indices in detail

Inclusive Meritocracy Index (IMIX) – measures our progress in building a culture where both people and performance matter, as we seek to enable employees to unlock their full potential. It describes a corporate culture of mutual trust and respect, empowerment, and collaboration where diversity is appreciated, and customer satisfaction is a high priority.

The IMIX score comprises ten AES questions around leadership, performance, and corporate culture: 79 percent (2021: 78 %).

Work Well Index (WWi+) – measures the stress level of employees for work-related strain, including the topics demands, rewards, control, support, social capital and processes, as well as tool and resource availability. A higher index score is associated with better employee health and productivity: 71 percent (2021: 69 %).

Employee Engagement Index (EEI) – measures the degree of satisfaction, loyalty, advocacy, and pride of Allianz employees: 76 percent (2021: 76 %).

For further details about the Allianz Engagement Survey results, please see table HR-12.

Confirming Allianz's continued focus on creating an engaging and healthy workplace, several operating entities worldwide have been awarded with the **Great Place to Work® certification** in 2022.

Please see the People Fact Book 2022 for details.

Ways of Working

Amidst the shifts in how we work and do business – how we use technology, where and when we work, what skills we need and more – we have established across Allianz our Ways of Working (WOW). Our WOW standards are centered across five categories: 1) Flexible work and reduced travel, 2) Digital tools, 3) Health and Well-being, 4) Learning, 5) Organization and Culture. For instance, employees across the globe have the opportunity to spend a minimum of 40 percent of working hours working at home (depending on the position, e.g., mobile worker, office worker, etc.) and – with the introduction of the Cross-Border Remote Work Global Guideline – the opportunity to work up to 25 days a year abroad in accordance with international and local regulations.

In 2022, we focused especially on the implementation of a flexible hybrid work environment. It is our conviction that hybrid is here to stay and is therefore central to the Allianz WOW.

In the course of implementing hybrid working we, e.g., carried out test pilots and offered special learning opportunities for our employees. To enable our people to work across locations, borders, and time zones, additional tools supporting digital collaboration were added to the digital landscape in 2022.

In-office meeting spaces have been equipped with technology to support hybrid meetings. In 2022, we also rolled-out a user-friendly and newly developed tool, enabling our employees to check compliance of their cross-border remote

02.4 Human resources

work requests quickly and automatically. The Allianz Cross-Border Remote Work Tool received two EMEA Expatriate Management and Mobility Awards (one for 'Best Employee Experience and Engagement' and one for 'Most Innovative Use of Technology in Global Mobility') and the HR Excellence Award for 'Hybrid & Remote Work'.

AES results show that flexible work has been one of the positive drivers for employee engagement in 2022. Furthermore, we have significantly reduced business travel in 2022 compared to pre-COVID times.

55 %

Employee time was spent working from outside of the Allianz offices in RACo[1] entities by the end of Q3 2022[2, 3, 4]

(Q4 2021: 65 %)

02.4.1 Learning and development

Learning and development is a key differentiator in the financial services industry where needs are constantly changing in response to the evolving external context.

Our ambition is to develop skills for the long term to ensure Allianz is prepared for emerging trends and opportunities to attract the best talent.

Supporting lifelong learning

Our strategy focuses on promoting lifelong learning through the global #learn initiative. We offer our employees a minimum of one hour each week dedicated to learning and employ a wide range of learning and development approaches including on-the-job learning, mentoring and coaching, classroom trainings, peer circles, and digital/mobile learning. Digital opportunities, such as LinkedIn Learning and our AllianzU Learning Platform (Degreed), are available to all employees worldwide. We have targeted programs for key areas, such as property and casualty, life and health, IT, strategy, finance, communications, market management, and operations.

Developing strong leaders

#lead Ignite is our global program designed to equip the next generation of Allianz leaders with the knowledge, mindset, and skills needed to lead in Allianz's inclusive, meritocratic environment. In 2022, the program was completed by 73 participants (2021: 99), 47 percent (2021: 47 %) of whom were women across 24 (2021: 13) operating entities.

#lead Transform is a program newly introduced in 2022. It is created for our future and recently appointed top executives and aims to develop the leadership skills and mindsets required to lead in a global, complex, and ever-changing environment.

The program is built around our core #lead mindsets: Curiosity, Resilience, 'We-mentality', and Flexibility. It was completed by 23 participants, 35 % of whom were women, across 17 operating entities and 11 countries.

#sheleads ran for the second year in its new design in 2022. Having won the Rise & Lead Award for Balanced Leadership, the program is recognized as setting a standard for effective gender balance via sponsorship, peer coaching, and learning sessions with our alumni community. It enables our female leaders to make their next career move. After completion, the participants become mentors and sponsors themselves. In 2022, the program ran with 35 participants representing 23 operating entities and 20 countries.

Our **Allianz Leadership Passport** is the 'license' to be a people leader at Allianz. The program aims to set a minimum standard for all people leaders with an equal focus on hard and soft skills in order to ensure the balance between IQ (intelligence quotient) and EQ (emotional quotient) of our leaders. 2022 was the year of the refresh, i.e., after attaining their Leadership Passport, leaders had to complete 45 hours of learning per year to 'refresh' their passports.

By the end of 2022, 14,997 (84 percent; (2021: 11,850; 93 %))[5] leaders in scope have attained or refreshed their **#lead Allianz Leadership Passport** since the launch. This equates to 1,247,025 hours of leadership training in 2022 (including the refresh; 2021: 339,264)[6] which is an average of 83 hours per leader in scope.

1 Renewal Agenda Companies represent the largest flagship entities of Allianz Group.
2 Q3 2022 data are disclosed to be consistent with the fact that local carbon emissions are calculated on Q3 2022 data.
3 Proportion of employee time spent working outside of the Allianz offices is regularly assessed at entity level and partially estimated.
4 Versus the target of at least 40 percent.
5 The percentage of leaders who attained the #Lead Leadership Passport is lower in 2022 than in 2021 due to an increase in leaders in scope from 12,733 in 2021 to 17,833 in 2022.
6 Learning hours in 2021 also include parts of learning hours from 2020 as the launch was at the end of 2020.

02.4 Human resources

The success of the #lead Allianz Leadership Passport is monitored in three ways:

Business impact – measured by engagement survey progression;

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

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

We see that more training hours per employee in general are linked to higher employee engagement and well-being and finally also higher customer satisfaction. In addition, the current #lead platform related NPS is 71 (2021: 74) and the average quality rating is 84 percent (2021: 84 %).

Performance management and transparent feedback

Our global performance management approach covers over 84,000 employees and focuses on two key areas: 'What' (outcome-oriented performance) and 'How' (behavior). The rest of the eligible employees are currently covered by local solutions. In 2023, we plan to include around 18,000 additional employees into the global performance management approach.

We promote a continuous performance and feedback culture that enables teams to exchange feedback on a regular basis. Three key milestones for performance management throughout the year cement this culture: Initial priority setting, mid-year check-in, and year-end review.

We use Multi Rater as a tool to gather multi-dimensional feedback at executive levels and gain valuable insights into perceived strengths and development needs.

2022 was record-breaking for the use of Multi Rater with 10,303 rated employees from 55 operating entities – 40 percent more than in 2021. Key performance and development actions based on the results were discussed at the mid-year check-ins as a follow-up.

For more details on learning and development, please see also our People Fact Book 2022.

€ 106.3 mn
invested in employee development
(2021: € 102.9 mn)

103 %[1]
employees took part in at least one targeted training session
(2021: 103 %)

€ 719
investment per employee in development and training
(2021: € 716)

45.2
average hours of training per employee
(2021: 34.7)

83,529
learning users who logged into AllianzU platform (Degreed)

22.6
learning hours per user on AllianzU platform (Degreed)

1 The percentage of employees with at least one training can be higher than 100 percent due to the reporting period calculation methodology including employee in- and outflows.

02.4 Human resources

02.4.2 Strategic workforce planning

A main approach to support our learning and development strategy is our Strategic Workforce Planning. The purpose behind our strategic workforce planning initiative is to understand what the transition to a digital future means for Allianz and its people, and how we can equip our workforce with the skills they need for the future. This initiative is closely linked to our Allianz Group Strategy and the Allianz Customer Model. Our strategic workforce planning approach compares workforce supply by job profile against projected workforce demand over the next five years. It is a structured annual process that is integrated into the annual planning. As a result, we are able to steer the skills that we need in our workforce in order to drive our business strategy via, for instance, targeted and strategic recruiting measures and major re- and upskilling initiatives. We consider digital, data, and agile working skills as well as leadership and functional skills as key for the future.

For more details on learning and development, please see also our People Fact Book 2022.

02.4.3 Diversity, Equity and Inclusion (DE&I)

We believe in creating an inclusive workplace with equal opportunities for all and shaping a diverse workforce which drives gender balance and expands to other dimensions, such as disability, nationalities/ ethnicities, generations and LGBTQ+. A diverse workforce enables us to understand and fulfil the diverse needs of our equally diverse customer base. Our reputation for inclusion strengthens Allianz's brand as a trusted financial services provider.

Our DE&I strategy

Our strategy aims to embed DE&I across the whole business and is built around three pillars:

1. Employees – building the conditions for a diverse and inclusive workforce.[1]
2. Customers – recognizing diversity as competitive business advantage.
3. Stakeholder Trust – actively positioning Allianz as a DE&I leader through public commitments, indices and certifications.[2]

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

Our **Allianz DE&I Policy** describes our rationale for diversity, equity and inclusion and how we foster diversity in all its forms. In 2022, we published an update of our global DE&I Policy including, among others, our 2024 DE&I targets and ambitions and a section on intersectionality. The target of our policy is to ensure across our operating entities and functions that there is no discrimination for reason of gender, age, sexual orientation, ethnicity, nationality, physical or mental abilities, religion, or social background among others. We apply a zero-tolerance policy towards discrimination of any kind, encourage employees to speak up, in line with our open communication and feedback culture, or to use the Group whistle-blowing system. Our **Allianz Anti-Harassment Policy** outlines our global zero tolerance standard against sexual and other harassment and discrimination.

DE&I targets & ambitions

Diversity is represented in many forms and at all levels and we keep close track of progress. Our targets and ambitions are updated regularly to ensure continual improvement.

Our 2024 targets and ambitions cover the five dimensions of gender, disability inclusion, nationalities and ethnicities, generations, and LGBTQ+:

Global targets to drive gender balance:

> **For the 2024 Women in Leadership targets, see chart on page 70.**

Country-specific ambitions to drive disability inclusion:

- It is our ambition to **fulfil local legal disability quotas** where applicable in 13 countries. All operating entities with country-specific legal requirements for disability inclusion are asked to meet their respective country quotas on disability representation through two levers, i.e., 1) talent attraction and/or 2) self-identification.

1 We take a strong stance on employee engagement and DE&I and measure this annually via our AES.
2 The Allianz Proprietary Trust Survey with nearly 9,000 participants revealed that our commitment to DE&I has strong impact on trust in Allianz. 52 percent say knowing about Allianz's DE&I initiatives increased their Trust in Allianz.

02.4 Human resources

Global ambition to drive nationality/ethnicity inclusion:

- We aim to have **at least two different nationalities or ethnicities** represented on all our Boards of Management. Where applicable (e.g., USA or UK), operating entities may set additional ethnicity ambitions, tailored to the local business and cultural environment.

Global ambition to drive age inclusion:

- We aim to have a **balanced generations** representation where **at least 25 percent of our workforce is under 35 years old** in all our entities.

Global ambition to drive LGBTQ+ inclusion:

- We aim to reach **80 percent of our global workforce with access to** local LGBTQ+ networks.

Our workforce – diverse in many forms

Our global workforce consists of 159,253 people (2021: 155,411), including 52 percent (2021: 52 %) women and spanning over five generations.[1]

In 2022, Allianz had 2.3 percent colleagues with a disability in the workforce globally.[2] An anonymous self-ID survey in 2022 found that 43 percent of colleagues who identify themselves as someone with a disability had not previously disclosed this information. Therefore, the number of employees with a subjectively perceived disability is significantly higher, i.e., 4.8 percent.[3] We have people from 73 (2021: 67) nationalities among our executives, representing the rich cultural diversity within Allianz Group.

Please refer to the People Fact Book 2022 for further information on our employees with a disability.

We engage with employees through inclusion networks to raise awareness, support employees, advocate for change, and help shape the DE&I agenda. These networks bring together colleagues who share an identity or experience and their friends and allies. **Five global employee networks** are in place with 18 new chapters – i.e., locally operating employee networks – added in 2022.

Global employee network

1) Allianz NEO: gender inclusion

18 chapters

2) Allianz Beyond: disability inclusion

9 chapters

3) Allianz GRACE: ethnicity and cultural inclusion

8 chapters

4) Allianz Engage: generations inclusion

10 chapters

5) Allianz Pride: LGBTQ+ inclusion

27 chapters

40.7

Average age

(2021: 40.7)

73

Nationalities represented in executive positions

(2021: 67)

1 Our five generations are Gen Z, Millennial, Gen X, Baby Boomer, Silent Generation.
2 Excluding US employees due to legal constraints.
3 Data reflects results from regions/countries covering 80 % of our global workforce. Collection of data not possible in some regions due to legal constraints. Common definition of 'disability' in place.

02.4 Human resources

Diversity in our leadership and management

We are proud to have 32.4 percent of women in executive positions (Top Management) in 2022 (2021: 31.6 %). Further, we have 27.3 percent of women on the Allianz SE Board of Management (2021: 20.0 %) and 41.7 percent woman on the Allianz SE Supervisory Board (2021: 33.3 %).

There are six nationalities represented in the Allianz SE Board of Management. Members of our Allianz SE Supervisory Board range in age from 52 years to 68 years, and members of the Allianz SE Board of Management range in age from 48 years to 64 years.

Gender representation is a high priority for Allianz. Besides quarterly target tracking, we apply a Women in Leadership forecasting model to support hiring activities and help increase the ratio of female executives.

Read more about our DE&I targets, ambitions, and initiatives on our website. Diversity & Inclusion (allianz.com).

Women in leadership

52.0 %

Women in the workforce (Core Business)

(2021: 51.6 %)

47.4 %

Female full-time employees

(2021: 46.6 %)

38.8 %

Female managers

(2021: 38.6 %)

32.4 %

Women in executive positions (Top Management)[1]

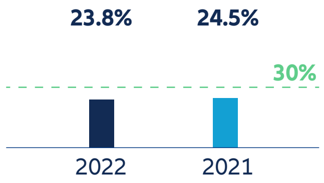
(2021: 31.6 %)

27.3 %

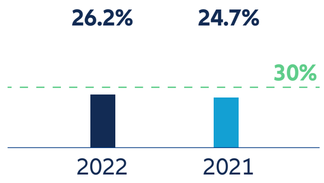
Women in Allianz SE Board of Management

(2021: 20 %)

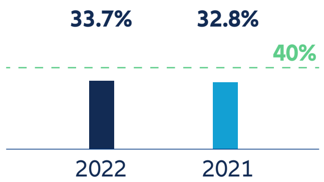
Women in Allianz global executive positions (%)



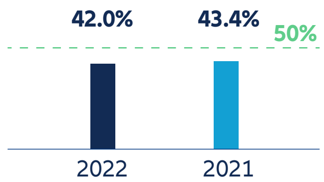
Women in Allianz senior executive positions (%)



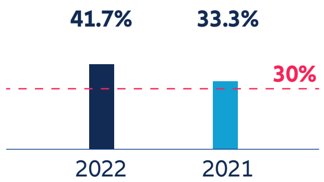
Women in Allianz executive positions (%)



Women in Allianz in talent pools (%)



Women in Allianz SE Supervisory Board (%)



- 2024 Target
- 2022 Actual
- 2021 Actual
- Legal obligation

1 Top Management includes all executive positions (Allianz Global Executive Positions, Allianz Senior Executive Positions, and Allianz Executive Positions).

02.4 Human resources

Fair and transparent reward

Our ambition on equity and fairness includes ensuring equal pay for equal work in the same or comparable roles for all genders. Equal Pay is embedded in our HR processes. We have an annual global Equal Pay review to monitor equal pay across the organization and prevent any Equal Pay gaps.

Allianz won first place with 'Equal Pay' in the category HR Tech & Digital of the renowned Deutscher Personalwirtschaftspreis as well as the HR Excellence Award in the category Analytics & Technology. The juries recognized the achievement of closing the Equal Pay gap in Allianz's insurance business globally with an innovative data-based approach.

Since year-end 2021, the Allianz insurance business segment and several global lines (Allianz Partners, Allianz Trade, Allianz Global Corporate & Specialty, Allianz Technology, and Allianz Services) are EDGE Assess certified.

EDGE is the leading standard for DE&I and monitors companies' progress on gender equality according to established standards, including equal pay. The certification covers 76 percent of Allianz Group's global headcount (68 individual entities) and is valid until year-end 2023.

With EDGE, we are committed to an ongoing certification process that will help Allianz consistently fulfil its gender equality goals going forward. As part of our commitment to promote transparent and comparable reporting, we have adopted the World Economic Forum (WEF) Stakeholder Capitalism Metrics on pay equality (see tables HR-17 and HR-18) and wage level (see tables HR-19 and HR-20). We plan to widen the scope to include further companies next year.

External commitments and recognition

Complementing our commitment to the U.N. Women's Empowerment Principles and the U.N. LGBT Code of Conduct, Allianz is one of the 15 Iconic Leaders of The Valuable 500 – a global movement working to put disability on the agenda of business leadership.

Our track record for top rankings in important DE&I indices continues with recent achievements including:

- #1 in the German Diversity Index, improving from last year's strong 2nd place;
- #1 in Insurance in the Refinitiv Global D&I Index 2022 (2021: #1 in Insurance);
- Listed in the Bloomberg Gender-Equality Index for the seventh consecutive year.

For further information about external recognition of our DE&I efforts, please see our People Fact Book 2022.

02.4.4 Talent acquisition and employee engagement

We want to attract, retain, and engage talented candidates and employees around the world to deliver our purpose, drive long-term business success and become a truly customer-centric organization.

Attracting talent

29,210

candidates recruited by Allianz in 2022

(2021: 33,378)

Applying for a job at Allianz has never been easier. Our online application tool for internal and external job seekers, introduced in Q4 2021 across Allianz Group, requires only six fields to be filled in to apply. At the same time, we have continued the consolidation of independent local entities' career websites into one joint platform (careers.allianz.com) to simplify the candidate journey where it actually starts. It saw its peak with the go-live of a UK and Australian version of our global career website and the decommissioning of the local pendants. So far, the Group-wide website has been rolled-out to 13 countries and represents 19 major Allianz entities.

After having conducted global research on the impact of Allianz's partnership with the Olympic and Paralympic Movements (OPM) on our employer brand – which showed a positive influence on our employer attractiveness across target groups and countries – OPM based HR marketing assets have been developed for all entities to be used online, offline, or for on-campus activities. Additionally, we ran the very first Athlete Career Conference attended by 176 professional athletes from 57 countries to both attract them to and make them work for Allianz. So far, seven athletes have been hired, thereof four para athletes.

In order to measure the success of our global and local employer branding activities, we implemented Adobe Analytics across our career website and online application tool. Adobe Analytics will enable our local entities to fully understand from which job boards, online platforms, social media channels, and other websites applicants really come from and adjust their local attraction strategies accordingly.

02.4 Human resources

Within people analytics projects, we also study the reasons why people leave Allianz and develop target group-oriented measures to improve the candidate journey (including onboarding activities) and increase employee retention.

Developing our Global Benefits Strategy

Allianz supports its employees around the world with outstanding benefits. It shows that we care about their health, career goals, long-term prosperity and support them to find the right balance between work life, their loved ones, and personal fulfillment.

Employees are offered attractive, fair, and sustainable benefits and our total remuneration is among the best in the industry. Compensation and benefits take economic, environmental, and social development into account, and incentives are oriented towards creating long-term value. Our new **Global Benefits Strategy** for the insurance business is organized around four pillars – Health, Money, Career, and Time. By mid 2023, we will have minimum standards in place for benefits available to all employees across Allianz.

For more details on employee benefits, please see also our People Fact Book 2022.

Fostering share ownership

Allianz employees have the opportunity to benefit from the success of the company and its long-term performance and growth as shareholders as well as employees. Ownership is an important basis for identification with the company and increases employee engagement.

The **Allianz Employee Share Purchase Plan** (ESPP) is designed to encourage employee share ownership by adding 1 Euro to every 3 Euro employees invest in Allianz shares. As a token of appreciation for meeting last year's Group targets, Allianz made a gift of one Allianz share – or its cash equivalent in countries that do not offer the ESPP – to all employees in 2022.

Currently, 61 percent (2021: 50 %) of Allianz employees in 41 countries own Allianz shares through the ESPP. We are seeing growing interest in the scheme with the highest investment volume (€ 144.4 mn; 2021: € 133.9 mn) to date.

Allianz Engagement Survey

See the section 'Allianz Engagement Survey' under 02.4 Human Resources above.

Employee rights

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

Freedom of association and collective bargaining

Allianz is committed to observing and implementing the fundamental rights and principles at work of the International Labor Organization (ILO), principles of U.N. Global Compact, and the OECD guidelines for multinational companies (agreement concerning participation of employees in Allianz SE). These include, among others, freedom of association and the right to collective bargaining. 97,542 Allianz employees (61.2 percent) – comprising 100 % of employees in Europe, including UK – are represented by independent trade unions or covered by collective bargaining agreements. For employees outside Europe, we cannot make any statement as working conditions including collective bargaining agreements are subject to local law.

Social dialogue 2.0

We engage closely with employee representatives to support change implementation, manage impacts on employees, and promote opportunities. Social dialogue 2.0 is our pan-European forum which has existed for over a decade. It supports the progress of our business strategy, the Renewal Agenda, and our response to the increased pace of change of topics, such as the digital revolution. Discussions in 2022 included, among other topics, the new WOW, SWP, Data Ethics, and AI.

02.4.5 Health and well-being

The health and mental well-being of our employees is a top priority. Our aim is to maintain and improve employee health and well-being across our global workforce by providing a consistent Health in Action Framework with Minimum Requirements for all Allianz entities.

Our Occupational Health and Safety Policy and Management System

Our global Allianz Occupational Health and Safety (OHS) Policy gives strategic guidance on health and wellbeing standards and premises to be implemented by local operating entities. It was published in 2021 and is applicable to 92 percent of RACo employees in 2022.

02.4 Human resources

To effectively manage OHS matters, local Allianz entities implement OHS management systems.

They include OHS risk and hazards assessments, dedicated action plans to manage risks, and integration of emergency actions. Internal inspections take place frequently, and progress in reducing and preventing health issues and risks against pre-defined targets is monitored regularly in almost two-thirds of operating entities (covering 53 percent of employees). This includes procedures to investigate work-related injuries, ill health, diseases, and incidents (relevant for 80 percent of our people). 80 percent of our global workforce is regularly trained to raise awareness and reduce operational health and safety incidents.

The majority of Allianz operating entities have designated representatives at top management levels to oversee the implementation of OHS and discuss health issues and risk documentation with human resources, managers, and OHS departments. For 33 percent of our people, OHS targets are embedded in performance appraisal and remuneration of management, and the board of directors receives updates on OHS on at least a quarterly basis.

Health in Action Framework

Health in Action is a strategic framework, derived from OHS, that aims to provide a healthy and productive workplace to enable our employees to reduce work-related stress. It consists of three dimensions: 1) Mental and physical resilience, 2) Motivation and engagement, and 3) Workplace.

Efforts to implement the health in action framework globally have paid off, demonstrated by feedback measured through our AES. In 2022, the Work Well Index Plus (WWi+) score was two percentage points above the 2021 result of 69 percent. The current trend in 2022 in the global absentee rate of 8.1 (2021: 6.9) days back to pre-pandemic levels underscores the need for these endeavors.

You can find more details in our People Fact Book 2022.

Four Minimum Health Requirements as global standard

To ensure global consistency regarding health and wellbeing topics, we have defined four Minimum Health Requirements as part of our Health in Action Framework.

1. Access to professional psychological support for all employees worldwide

We provide 24-hours anonymous, free-of-charge professional psychological hotlines to all employees to seek expert support and advice if needed. The implementation of such an employee assistance program (EAP) is mandatory for all RACo operating entities by 2022.

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

We aim to train 100 percent of people leaders in the first year of their leadership role to build up personal resilience and well-being among their employees.

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

In 2022, we asked for employee feedback on health and mental well-being initiatives in a health pulse survey to identify needs and take appropriate follow-up actions. The minimum requirement for operating entities is to collect feedback as part of annual pulse surveys.

4. Meeting free calendar days @Allianz

We aim to provide dedicated focus time for employees to simply concentrate on their tasks and their health and mental well-being to manage work-related stressors by regular meeting free calendar days @Allianz. In recognition of the contribution of employees during the pandemic, the Allianz SE Board of Management granted for the second time one additional day off for all employees globally in 2022.

100 %

of Allianz's RACo operating entities with EAP in place

(2021: 97 %)

79 %

of Allianz employees know EAP

(basis 31 operating entities; 2021: 75 %)[1]

87 % (15,843)

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

(2021: 95 %; 12,117)[2]

95 %

of operating entities rolled out Meeting Free Calendar Days @Allianz

(2021: 86 %)

1 Voluntary participation of 31 operating entities in Health Pulse Survey in Q1 2022. Planned next Health Pulse Survey in Q2 2023.
2 The percentage of leaders is lower in 2022 than in 2021 due to more leaders in scope in 2022.

02.4 Human resources

Tackling work-related stress

Allianz is a signatory of the pan-European agreement on guidelines concerning work-related stress. We have placed great emphasis on addressing the root causes of work-related stress by offering effective solutions.

Continuing to monitor COVID-19

We continue to monitor the impact of COVID-19 on our employees globally. The pandemic cast a spotlight on the importance of health and mental well-being, and we introduced various measures to support employees and meet our business needs during the crisis. In 2022, as the vaccine was widely available, Allianz offered access to booster shots via the company doctors in some countries.

You can find more details on the mental health podcast in our People Fact Book 2022.

Our new health and well-being initiatives in 2022

We also engaged our employees by offering multiple health and well-being activities launched in 2022, for instance:

- Our Allianz Health Talks series – a monthly webinar series to inform our employees about different health and well-being topics, such as how stress impacts business performance and how to deal with crises.
- The meeting etiquette rule to shorten meeting times by five minutes in order to ensure short breaks in between meetings.

Looking ahead

One of our top priorities for health and well-being in 2023 will be to drive the implementation of Mental Health First Aiders (MHFA) training globally. MHFA is a peer-to-peer support training that has been shown to increase knowledge, confidence and helping behaviors, reduce stigma around mental health, and drive employee engagement.

This training supports early identification of people not being well through MHFA peer-to-peer support.

By the end of 2022, eight operating entities have offered MHFA training either as standard course or initiated pilot trainings. The ambition is to increase the number of operating entities who offer MHFA-training.

See also our People Fact Book 2022.

02.5 Customers

Table CS-1

Customer Loyalty

%

As of December 31		2022
Digital Net Promoter Score (dNPS) loyalty leadership in their market[1] Target 50% by year-end 2024	%	58.0

Our ambition is to create meaningful solutions and experiences that attract and retain customers. We do this by earning customers' trust through the quality of our products, the level of our services and the expertise of our employees.

Measuring customer loyalty

We use the globally recognized Net Promoter Score® (NPS) to measure customer loyalty through customers' willingness to recommend Allianz.

In 2022, we switched to digital NPS tracking. Digital NPS allows us to measure continuously, eliminating seasonality and deepening our understanding of customers' sentiment.

The new approach also sets higher standards for our operating entities which are measured against a broader set of competitors. With this in mind, we defined a new baseline and, in 2022, we exceeded our expectations by achieving 58 percent Loyalty Leaders. The main drivers were actions to address customers' pain points and targeted communication campaigns.

50 % target

for Allianz Group business segments to be in a Loyalty Leader position by 2024

We aim to protect and enhance our stakeholders' most valuable assets in line with SDG 8, Decent work and economic growth. We contribute to sub-target 8.10 on strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

With Customer Centricity, we strive to go above and beyond for our customers and to outperform the competition. Our global business model, the Allianz Customer Model (ACM), also contributes to SDG 12, Responsible consumption and production, by reducing waste generation and adopting sustainable practices with digital customer communication.

02.5.1 Allianz's customer experience strategy

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

Listening to customers

The closer we are to our customers, the more we can be there for them in moments that matter.

Listening to customers is the starting point of our journey together. Our Voice of the Customer (VoC) program applies a holistic and standardized methodology to monitor and improve customer journeys by collecting real-time qualitative and quantitative feedback.

After each touchpoint a customer has with Allianz, they are invited to state their satisfaction on a five-star scale at predefined touchpoints along five customer journeys. If a customer rates their experience with three stars or less, we follow up with them to resolve the issue and gather more insights.

The five customer journeys map the main interactions a customer has with Allianz; these include: Sales and Onboarding; Claims; Issue Resolution and Contract Management; Renewal, Cancellation and Termination, and Outbound Communication.

At the end of 2022, 40 operating entities and global lines had implemented the VoC program. This means we have rolled out the VoC program in at least one of the five mandatory journeys at our major operating entities.

1 In 2022 we switched to a Digital NPS measurement, conducted October 2021 – September 2022, which will from now onwards be the official measurement timeframe. Therefore, comparisons to previous years do not apply due to changes in methodology.

02.5 Customers

02.5.2 Using data to improve the customer experience

We use insights from Voice of the Customer, dNPS, customer ratings and verbatim feedback to improve our products, services, communications, and processes.

We combine and analyze sources of customer data in strict accordance with privacy laws to prioritize and implement structural improvements.

Local operating entities use customer feedback to derive concrete actions. Learnings gained through Voice of the Customer and dNPS programs are also helping us design the global Allianz experience for customers.

In 2022, we rolled-out a set of global guidelines (Xperience Habits) in contact centers to ensure our customers are treated with appreciation, empathy, and helpfulness. We also launched two initiatives to improve customer interactions and provide a consistent Allianz experience across markets. We created and distributed guidelines and digital communication templates to our operating entities on when and how to inform customers about the status of their claims. We also launched an Annual Policy Review as a service communication to engage with customers in their best interest.

02.5.3 Transforming our business for our customers

We have listened and we know that our customers want us to sell simple products that meet their demands and needs, use easy-to-understand insurance language and provide faster claims handling. They also want to be able to access their insurance details whenever and however they choose.

We constantly strive to adapt our business to meet these needs. This includes simplifying and digitalizing our products, processes and platforms to provide our customers with greater access to advice and support, while more efficient processes are improving our customer service.

The Allianz Customer Model is our end-to-end global business model which puts the customer at the center of our business and enables Allianz to be simple, digital and scalable.

Our ambition is to simplify and harmonize our business globally, which involves transforming the whole value chain across products, sales, claims and operations. Within this context, the Allianz Customer Model was designed first for Retail Property and Casualty lines and then extended to Health, Life, B2B2C, MidCorp, Large Corporate and Reinsurance.

Our target has been to continuously roll the model out across Allianz operating entities. As of the end of 2022, ACM has been rolled out to 37 OEs, comprising 99 percent of GWP for P&C Retail.

A tangible example of how the Allianz Customer Model is transforming our business are our Master Products. A Master Product is a template available in the Allianz Product Lab with streamlined product elements that are linked to harmonized claims and pricing values.

Allianz operating entities can configure Master Products to create the right product for their market and make adaptations which are required by regulation. We are creating 16 master products which will reduce the number of products in most relevant operating entities from more than 1200 in 2019 to around 250 by 2024.

By having harmonized Master Products in the Allianz Product Lab and then configuring the products in the Product Explorer tool, we can efficiently scale essential IT assets such as Quote & Buy and First Notification of Loss in the Business Master Platform.

The Business Master Platform digitalizes the business requirements of the Allianz Customer Model. It comprises a combination of scalable technological elements, systems and services plus functionalities and configurations to better serve our customers, intermediaries, partners and employees.

An example of how this works is the Direct Motor Product in Australia. The Direct Motor Product launch in 2021 simplified parts of the customer and employee journeys. Employees can now dedicate more time to their customers and the launch led to an average increase in conversion of 35 percent (Motor products) and an increased Gross Written Premium of 43 percent.

02.5 Customers

The Business Master Platform also showcases the Allianz Customer Model philosophy by providing one look and feel and an outstanding user experience that gives our customers, agents and partners anywhere in the world the same experience and satisfaction when interacting with Allianz.

For example, the claims tracker provides full transparency to customers throughout the claims process. Customers can easily access the tracker and navigate with just a few clicks to choose the preferred settlement option and repair shop, and receive confirmation of the repair appointment with a rescheduling option.

Currently, more than 20 different assets have been implemented across five operating entities.

Responsible sales

Allianz Group Sales Compliance Standard aims to promote and protect the interests of our customers. It is designed to promote transparency and ensure fair, honest and responsible treatment of Allianz customers in their purchase of our financial products and their dealings with us.

The Standard, managed by Group Compliance, has set out the foundation for a comprehensive customer protection framework created to ensure all Allianz entities adhere to its prudential norms and robust protection.

It covers five key areas to address conduct risk: Product Oversight and Governance; Incentives and Steering of Distributors; Standard of Distribution; Sales Force Selection and Training; and Monitoring and Reporting.

The Standard reflects our strong commitment to fairness and transparency as outlined in Allianz's Code of Conduct. The Code emphasizes that being fair and transparent with our customers is the best way to gain the long term trust of our customers.

02.6 Own operations

Environmental management of our operations

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

Table ENV-1

EMS Coverage

As of December 31		2022	2021	2020
Share of employees in scope of our environmental management system (EMS)	%	95	96	97

Table ENV-2

Greenhouse gas emissions

As of December 31		2022	2021	2020
Scope 1 – Direct GHG emissions	t CO_2e	30,953	28,699	28,714
Scope 2 – Indirect GHG emissions (market based)	t CO_2e	30,490	54,689	100,722
Scope 2 – Indirect GHG emissions (location based)	t CO_2e	138,339	149,599	180,826
Scope 3 – Other indirect GHG emissions	t CO_2e	92,467	55,359	73,916
Scope 1–3, GHG emissions total	**t CO_2e**	**153,910**	**138,746**	**203,352**
Total GHG Emissions per employee	t CO_2e/empl	1.0	0.9	1.4
Overall GHG reduction per employee since 2019 Board target -50% by end-year 2025	%	-57	-60	-42
Carbon Credits	t CO_2e	153,910	138,746	203,352

Table ENV-3

Energy consumption

As of December 31		2022	2021	2020
Energy consumption from our office buildings	GJ	1,578,675	1,675,573	1,802,755
Energy consumption from our data centers	GJ	325,212	267,675	317,533
Total energy consumption[1]	**GJ**	**1,965,294**	**1,943,248**	**2,120,288**
Energy consumption from office buildings per employee	GJ/empl	10.4	11.3	12.2
Energy reduction in office buildings per employee since 2019 Target -20% by year-end 2025	%	-32	-26	-20

Table ENV-4

Energy sources

As of December 31		2022	2021	2020
Electricity	%	67.4	67.1	70.2
Fossil fuels	%	12.4	11.5	11.0
Long distance heating	%	18.8	19.8	17.6
Other sources (incl. energy from own sources including photovoltaic, internal waste heat)	%	1.4	1.6	1.2

Table ENV-5

Renewable electricity

As of December 31		2022	2021	2020
Renewable electricity	GJ	1,153,987.2	1,001,859.2	854,762.3
Renewable electricity as a share of all electricity sources Board target 100% by 2023	%	89	77	57

1 The total energy consumption includes also energy from remote working.

02.6 Own operations

Table ENV-6

Business travel

As of December 31		2022	2021	2020
Total travel	km	487,268,283	226,377,786	356,560,721
Road travel (incl. rental, fleet, and private cars)	%	50.5	81.4	61.5
Air travel	%	41.6	14.7	31.4
Rail travel	%	8.0	3.9	7.1
Travel per employee	km/empl	3,204	1,529	2,421
Total GHG emissions from business travel	t CO_2e	74,339	39,570	56,316
GHG emissions from business travel per employee	t CO_2e/empl	0.5	0.3	0.4[1]
GHG reduction from business travel per employee since 2019[1] Target -40% by year-end 2025	%	-47	-71	-59[1]
GHG emissions from travel (share of total GHG emissions)	%	48	29	28
% of OEs have a 'Green commuting plan' in place (on headcount basis)	%	66	65	n/a

Table ENV-7

Water consumption

As of December 31		2022	2021	2020
Total water consumption	m^3	1,307,990	1,237,598	1,592,564
Drinking water	%	93.0	93.0	93.4
Rain water	%	0.8	0.5	0.4
Natural water	%	6.2	6.4	6.3
Water consumption per employee	m^3/empl	9	8	11
Water consumption reduction per employee since 2019 Target -10% by year-end 2025	%	-39	-41	-23

Table ENV-8

Waste

As of December 31		2022	2021	2020
Total waste	t	10,839	12,064	14,395
Waste Incinerated	%	38.7	36.2	36.2
Waste Recycled	%	43.2	46.6	45.6
Waste to Landfills	%	17.8	16.9	18.0
Special Waste Treatment	%	0.3	0.3	0.2
Waste per employee	kg/empl	71	81	98
Waste reduction per employee since 2019 Target -10% by year-end 2025	%	-48	-41	-29
% of OEs have 'Action on Plastic' in place (on headcount basis)	%	71	67	n/a

1 GHG emissions from business travel (absolute and relative) have been restated for 2019 (Old absolute: 124,354 t CO_2e) and 2020 (Old absolute: 52,959 t CO_2e), please see our explanatory notes.

02.6 Own operations

Table ENV-9

Paper consumption

As of December 31		2022	2021	2020
Total paper consumption	t	7,317	8,466	10,139
Paper sourced from certified sustainable sources	%	74	76	73
Paper consumption per policy	g/policy	47	54	70
Reduction in paper use per policy since 2019 Target -20% by year-end 2025	%	-43	-33	-14
Total GHG emissions from Paper	t CO_2e	6,259	9,232	10,860

Table ESG-18

Sustainable Procurement – Vendor code of conduct

As of December 31		2022	2021	2020
Spend on procurement with global suppliers with VCoC signature	€ bn	1.5	1.6	0.0
Share of Vendor Code of Conduct signatures by spend (from global suppliers)	%	100	100	0

02.6.1 Own operations strategy and approach

We take the sustainability of our own operations seriously and 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 to reduce their environmental footprint and accelerate impact with a clear target setting and best-practice sharing. Main operations in scope are Travel and Fleet, Procurement, Facility management and IT. Group Sustainable Operations also drives climate-focused partnerships such as our projects with Sea Shepherd and Plastic Fischer.

> **See section 02.7 on our corporate citizenship activities for further information.**

Our commitments:

As Allianz Group, we are taking urgent action to combat climate change and its impacts, contributing to SDG 13, Climate Action. Our ambitious new commitment for our own operations is to reduce GHG emissions arising from Allianz sites and activities in over 70 markets to net-zero by 2030, earlier than 2050 as originally planned. We have accelerated our climate targets for business operations and, by 2025, plan to reduce GHG emissions per employee by 50 percent versus 2019. Further, to achieve the net-zero target by 2030, we need to reduce emissions by 70 percent versus 2019.

Key drivers will be sourcing 100 percent renewable electricity by 2023, implementing energy efficiency and reduction measures, shifting to a fully electric corporate car fleet by 2030 at the latest and achieving a 40 percent reduction of GHG emissions from travel activities by 2025 against a 2019 baseline. To address the remaining 30 percent of the emissions, we will use high-quality carbon removal solutions. Beyond our own operations, we will ask 100 percent 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 1.5°C path by 2025.

02.6 Own operations

02.6.2 Reducing GHG emissions

Our target for 2025 is to reduce GHG emissions by 50 percent per employee against a 2019 baseline across Scopes 1, 2 and relevant Scope 3 emissions (currently energy-related emissions, business travel and paper use).

57 %

reduction in GHG emissions per employee by year-end 2022

(2021: 60 % reduction)

This reduction is mainly the result of increasing the share of renewable power in our energy mix, delivering a structured approach to energy management and reduced business travel resulting from COVID-19. The main negative impact comes from increased travel activities returning from the temporary effects of COVID-19.

Measures related to energy have been leveraged by many operating entities. For example, Allianz Germany changed the district heating provider for a main building to Geothermal, decreasing the emission factor from 66g CO_2/kWh to 28g CO_2/kWh and triggering an expected annual saving of 284 tons of CO_2.

In 2022, we included GHG emissions from remote working to reflect the increased shift towards hybrid working. We also included emissions from our use of public cloud services following our IT strategy.

For further details on scope and methodology, please refer to the 2022 explanatory notes.

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

89 %

of the electricity we used came from renewable, low carbon sources

(2021: 77 %)

This is in line with the 2022 target (88 %)

See table ENV-5.

We achieved our interim target of 88 percent through a combination of strategic discussions with suppliers on ‘green tariffs’ (64 percent), expanding the use of on-site renewable technologies (0.06 percent) and sourcing of ‘unbundled’ renewable Energy Attribute Certificates (EACs) (25 percent).

As a signatory of the RE100 initiative, we have committed to source 100 percent renewable electricity (RE) for our group-wide operations and data centers by 2023.

RE100 is a global initiative bringing together the world’s most influential businesses committed to 100 percent renewable electricity.

In 2021, we made Energy Sourcing a strategic procurement category for the first time and established central governance and expertise within the Group Sustainable Operations office. This shifted our energy procurement from locally-driven to globally-driven processes, increasing our impact and streamlining efforts.

The new strategic energy procurement function is playing a key role in our transition towards 100 percent renewable electricity by 2023.

Further investigation of high-quality solutions, such as self-generation and Power Purchase Agreements (PPAs), are ongoing.

2022 activities included leveraging opportunities to close green tariffs with local power providers and conversations with landlords supported with green lease clauses.

Our engagement with operating entities found pain points in green tariff adaptation, for example where there is no availability of green tariffs in certain countries or where landlords have contractual arrangements with a non-green power provider.

We continue to encourage green tariffs and local direct investments in Allianz-owned self-generation, centrally supported by Allianz Real Estate.

Finally, Energy Attribute Certificates (EACs) will play a role in the transition to 100 % renewable electricity as an interim solution for markets and Allianz entities with limited access to renewable electricity.

02.6 Own operations

02.6.3 Sustainable procurement

The Procurement function sources services and products for Allianz Group, delivering best value for money and embedding the Operations sustainability strategy across procurement activities.

Allianz partners with thousands of vendors all around the world for activities such as IT, professional services and marketing. Our goal is to minimize the environmental impacts of our procurement and ensure all vendors uphold the highest standards of human rights and health and safety in line with SDG 8, Decent work and economic growth.

Our procurement policy and processes are reviewed regularly. In 2022, they were updated to align with the Allianz Group sustainability strategy.

Our target is to ensure that 100 percent of global framework vendors (vendors providing products and services for Allianz globally) will hold a public commitment to net-zero GHG emissions in line with a 1.5°C path by 2025.

Our initial assessment indicates that around 65 percent of global framework vendors have an existing net-zero commitment[1] and we have started engaging with vendors that currently do not hold a commitment.

To support the Operations and Group strategy, the Procurement function has made fundamental changes and enhanced its approach to sustainability.

Sustainability training has been offered to all Procurement employees and procurement policies and processes have been updated and now ensure sustainability is considered throughout each aspect of the Procurement lifecycle.

The Allianz Standard for Global Procurement has been updated and all operating entities with a centralized Procurement function are required to embed sustainability in their own sourcing and vendor processes.

We presented the updated Vendor Code of Conduct to Allianz vendors. It has been updated in line with Allianz's sustainability strategy, ensuring vendors meet environmental, human rights, health and safety standards as well as applicable legislations such as Lieferkettensorgfaltspflichtengesetz/ Supply Chain Act in Germany and the Modern Slavery Act in the UK. In 2022 100 % of our global suppliers, representing a total spend of € 1.5 billion, have committed to the Allianz Vendor Code of Conduct, the same level as previous year.

Our contractual terms have been updated to reflect the standards outlined in our procurement policies and we have created a Sustainability Charter to help our vendors understand our supply chain sustainability strategy.

For details see Allianz Sustainable Procurement Charter.

We are collaborating with industry leaders on IT infrastructure, products and services – such as Microsoft Azure and Amazon Web Services – encouraging them to switch our purchased services to low carbon energy sources and to establish circularity approaches.

As well as the focus on environmental aspects, Allianz's operating entities in the US and the UK have built Vendor Diversity programs providing access to diverse vendors that could be traditionally underrepresented or underserved.

A diverse supplier is a business that is at least 51 percent owned and operated by an individual or group providing access to vendors that could be traditionally underrepresented or underserved.

02.6.4 Embedding sustainability in our buildings

Embedding sustainability in our buildings encompasses renewable energy, energy efficiency, waste and water management together with additional actions on areas such as food and infrastructure for green commuting and ensuring that the environmental management processes are in place.

We have set up a Minimum Standards Catalogue to harmonize Allianz's approach to sustainability in buildings and to be able to collect internal and external data and best-practices on sustainable buildings.

Our aim is to establish a state-of-the-art comprehensive catalogue of minimum standards for our buildings including elements of governance/certifications, furnishings, construction/renovations, renewable energy, energy efficiency, water, waste, food and commuting.

The catalogue also includes guidance on green lease selection criteria. All Allianz entities are currently creating their plans based on this harmonized list.

1 Data valid until 12.09.2022.

02.6 Own operations

Energy efficiency and energy consumption

We achieved a 32 percent reduction in energy consumption in our office buildings per employee against a target reduction of 20 percent in office buildings per employee by year-end 2025 (2021: 26 % reduction) against a 2019 baseline.

→ See table ENV-3.

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

Environmental Management Systems and certifications

We apply targeted Environmental Management System (EMS) and energy efficiency processes based on ISO14001 and ISO50001 standards to improve environmental management governance practices at our major locations and entities.

This began in 2017 with the certification of our Allianz SE location in Munich. Mandatory requirements of certification help strengthen our approach – for example, it is a requirement of ISO14001 to have a Board-level sponsor for our EMS. At Allianz SE, this sponsor is our Chief Operations Officer. Our main locations also pursue certifications such as LEED, BREEAM, etc.

Opportunities to secure environmental and sustainability certifications at other locations will continue to be evaluated based on local context and operations.

Water consumption

We achieved a 39 percent water reduction by year-end 2022 against the 2019 baseline on the way to our 2025 target of 10 percent reduction per employee (2021: 41 % reduction)

→ See table ENV-7.

This reduction was achieved through water saving measures applied across our locations combined with COVID-19 related measures.

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

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

→ See table ENV-8.

There was a 48 percent waste reduction in 2022 against a target reduction of 10 percent per employee by year-end 2025 against a 2019 baseline (2021: 41 % reduction).

Our office-based operations mostly generate household-type waste. Waste reduction awareness campaigns are in place across Allianz entities to address the behavioral change of employees.

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

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.

71 percent of operating entities (by headcount) had completed at least level one by the end of 2022 (2021: 67 %).

Allianz is also partnering with the international marine conservation organizations, to support cleaning the oceans and rivers from plastic, while contributing to circular economy.

> See section 02.7 on our corporate citizenship activities for further information.

1 According to our most recent assessment conducted in 2019.

02.6 Own operations

02.6.5 Travel fleet and commuting

Our aim is to continue to reduce business travel emissions now that COVID-19 measures have been lifted and business trips are permitted again.

We are using what we learnt to reduce business travel and support progress towards our target to reduce GHG emissions from business travel by 40 percent by 2025. For example, all meetings are now digital by default.

In 2022, we achieved a 47 percent reduction in GHG emissions from business travel per employee against a target reduction of 40 percent per employee by year-end 2025 (2021: 71 %[1] reduction) against a 2019 baseline.

See table ENV-6.

Our travel tools offer a sort and transparency function based on CO_2 emissions for flight search.

EV100 is a major new initiative to drive the electrification of the entire company fleet by 2030. As a member of The Climate Group's EV100, Allianz will comply with electrification of fleet and setting up a wider charging station infrastructure.

We are committed to accelerating the transition to electric vehicles (EVs). In 2022, we submitted our baseline of 14,000 vehicles to EV100 which will start publishing our progress towards the commitment for next year.

In 2021, we rolled out a new mobility policy in Germany limiting ordering to hybrid and electric cars only and providing both charging cards for public parking slots and charging infrastructure for employees at home.

We have also committed to develop Green Commuting plans to limit emissions that arise from our employees commuting to and from the workplace. Plans include a range of actions for operating entities to implement – from bike leasing to discounted public transport and EV charging stations.

66 %

of employees (by headcount) across our operating entities were covered by a Green Commuting Plan in 2022

(2021: 65 %)

02.6.6 Embedding sustainability in IT

Our target is to have all our data centers running on renewable electricity by 2023 as part of our RE100 commitment.

See table ENV-5.

Our strategic data centers have used 100 percent certified renewable electricity since 2021. We also included emissions from vendors' public cloud services into our corporate carbon footprint in 2022 for the first time (for further details on our methodology, please refer to the 2022 explanatory notes).

We are collaborating with vendors to support the decarbonization of their services.

The Allianz Group IT strategy and governance documents (e.g. functional rules) have also been updated to further embed sustainability. For example, for IT Hardware Assets, social and environmental impact until disposal will be considered when choosing between different solutions and/ or providers.

02.6.7 Reducing paper use

43 %

reduction in paper use by year-end 2022 against a target reduction of 20 percent per policy by year-end 2025

(2021: 33 % reduction) against a 2019 baseline

See table ENV-9.

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 74 percent of our paper in 2022 (2021: 76 %).

1 GHG emissions from business travel (absolute and relative) have been restated for 2019 (Old absolute: 124,354 t CO_2e) and 2020 (Old absolute: 52,959 t CO_2e), please see our explanatory notes.

02.7 Corporate citizenship

We are deeply aware that our actions have the potential to influence the future living conditions and well-being of next generations and that our decisions play an integral part in determining this future.

Our social impact stems from the effect our global organization has on the well-being of the community – from global society to local communities where we live and work.

Allianz is committed to having a positive social impact and helping to deliver the U.N. SDGs – for more information see sections 01.4 and 05.6.

This ambition is shaped by our company purpose, defined by our group-wide business strategy and brought to life through our employees and the local efforts of our operating entities.

As part of our social approach, our Corporate Citizenship Strategy ensures we fully deliver our responsibility towards society.

02.7.1 Corporate citizenship focusing on next generations and people with disabilities

Our Corporate Citizenship Strategy focuses on two pillars: SDG 8 and next generations/people with disabilities.

Focus on SDG 8

Our strategy prioritizes SDG 8, Decent Work and Economic Growth. We center our corporate citizenship activities around three sub-targets of SDG 8.

The overall goal of SDG 8 is to "promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all."

Target 8.5 – Achieving full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Target 8.6 – Substantially reduce the proportion of youth not in employment, education, or training.

Target 8.10 – Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all.

Our actions to deliver SDG 8 are closely linked with SDG 13, Climate action and SDG 17, Partnerships for the goals.

Read more about our corporate citizenship strategy on our website.

Our aim is to support the next generations and people with disabilities to overcome the economic and social impacts of the pandemic and other systematic social risks.

Today's children and youth are the leaders, employees, customers and investors of tomorrow. They can face barriers to inclusion in a world beset by inequality and the impacts of, for example, climate change.

We believe that education and physical activity are key enablers for the next generations and people with disabilities to overcome barriers and develop the skills and resilience needed to prepare for decent work and financial security.

Allianz puts a high focus on education and employability. For its social and health benefits, physical activity and sport is also prioritized.

02.7.2 Activities for next generations and people with disabilities

MoveNow

Allianz launched the MoveNow program in 2022, with the aim to get the Next Generations back into physical and mental activities after the pandemic. According to a survey conducted by Appinio on behalf of Allianz, two and a half years after the initial COVID 19 outbreak, 39 percent of children and 54 percent of adolescents surveyed have struggled to find their way back into an active routine. For MoveNow Allianz has teamed up with the International Olympic Committee (IOC) and the International Paralympic Committee (IPC) to strengthen the role of sport and create a healthier environment for young people and people with disabilities globally.

In addition to sports, the MoveNow program also covers educational elements. The series promotes accessible sport and educational elements, both in physical camps and in digital formats.

02.7 Corporate citizenship

The MoveNow program was launched in 2022, with MoveNow Physical Camps in 12 OEs, MoveNow Clubs fostering participation by getting young people to move via TikTok, MoveNow Hakathon brainstorming new initiatives for the next generation and MoveNow training series as a 4 week campaign with digital work out series. MoveNow will be further ramped up leading up to the Olympic and Paralympic Games Paris 2024.

OE initiatives

The corporate citizenship activities of operating entities are being aligned with the global strategy of the Group.

In 2022, Allianz launched a Social Impact Fund to replace the previous Social Innovation Fund. Its purpose is to support OEs with their local initiatives.

The fund supports strategic opportunities that deliver social impact beyond charitable donations, with Allianz OEs cooperating in intersectoral partnerships.

In 2022, 15 new corporate citizenship projects were kicked off with clear links to SDG 8, focusing on the next generations and people with disabilities. These projects are in addition to ongoing activities across operating entities.

The Global Sustainability team is responsible for developing our strategic approach and providing guidance on local delivery. Local Corporate Citizenship Leads are responsible for embedding the global approach within operating entities.

Guidance for corporate citizenship activities is designed to build a consistent understanding of social impact, strategically channel resources towards the SDG 8, monitor outcomes and encourage collaboration and best practice sharing.

Allianz has a long history and a strong position on sport. Leveraging our experience and partnerships in sports, we create programs that promote well-being, resilience and job-readiness for children/youth and people with disabilities. We are working closely with our partners at the International Olympic Committee, Bayern München and the International Paralympic Committee.

Examples which are being leveraged towards the next generations and people with disabilities are the Allianz World Run, Allianz Sports, IPC mentoring, IOC and Bayern München the MoveNow program.

The 15 new corporate citizenship activities are:

Employability projects youth and people with disabilities

	Project
Allianz Australia	SSI Refugee Youth Employment Pathway
Allianz Bulgaria	'Good Doers' Support for entrepreneurs in vulnerable conditions
Allianz Colombia	National Social Innovation Fund
Allianz France	1 young person, 1 mentor
Allianz Germany	Seidabei.com, Nationwide Volunteering Platform
Allianz Technology India	Skill Training Programme for Underprivileged Youth
Allianz Kenya	Kibera Youths Road Safety and First Aid Training Project
Allianz Malaysia	Bangunan BJCK: Every child's space
Allianz Nigeria	Project Confidence for PwD
Allianz Philippines	Allianz PNB Life Ride Safe 2.0
Allianz Italy	Managing Disability Programme

Education projects with children

	Project Name
Allianz Cameroon	Vocational training center for youth
Allianz Ireland	Back to School Safety Fund
Allianz Taiwan	RE-THINK environmental education in schools
Jubilee Allianz (Kenya) Tanzania	Empowering children in Northwestern Tanzania through life skills training

02.7 Corporate citizenship

Examples for supporting next generations:

Allianz Australia's initiative, the Allianz Ladder – Refugee Youth Employment Pathway Programme

This program was established in 2016 by a local charity, Settlement Services International (SSI), to provide scholarships to young refugees to study in secondary and tertiary education, improve their English language and develop professional skills to facilitate entering the job market in Australia. Alumni of the program have found positions at Allianz Australia.

In 2022, the Social Impact fund provided resources for 15 local partnerships that focus on SDG 8. This year's funded programs cumulatively expect to reach over 700,000 youths and more than 1,000 schools by 2024.

To learn more about our local activities, please visit Allianz.com.

Allianz Kenya – Kibera Youths Road Safety

Road traffic accidents are the leading cause of death for youth in Kenya. This project aims to equip 600 youths in Kiberia – the largest slum in Nairobi – with motor riding skills, knowledge of insurance products, general road safety awareness and first aid skills for post-crash care. With a specific quota for including girls, it will allow young people to acquire a driving license to be able to seek employment as commercial motorcycle riders.

Allianz France – One young person, one mentor

In partnership with local NGOs, this program aims to enable 200,000 young people in France to gain access to mentors by the end of 2022. Mentorship is an essential tool to fight against social and territorial determinism and it also contributes to combatting the exclusion of vulnerable young people.

Examples for supporting people with disabilities

People with disabilities make up 15 percent of the global population; one billion people experience some form of disability. On average as a group, people with disabilities are more likely to experience adverse socioeconomic outcomes than persons without disabilities.

We have provided opportunities for people with disabilities for many years. Now, as a Worldwide Paralympic Partner, we became one of the 13 Iconic Leaders of The Valuable 500, a global movement working to put disability on the agenda of business leadership.

We have made support for people with disabilities a main component of our Corporate Citizenship Strategy to focus our efforts to unlock barriers for this group in a more strategic and impactful way.

Allianz Nigeria – Project Confidence

Project Confidence aims to address poverty in Nigeria by empowering young people with disabilities through education and training, leveraging Allianz employees as volunteers to promote professional skills-sharing on financial, computer, sales, and customer service. The training is supported through in-kind donations and support of technological aid (e.g. wheelchairs, hearing aids, white canes, etc.).

Allianz Italy – Managing Disability

Managing Disability is a portal launched in 2019 by the Fondazione Allianz UMANA MENTE to promote a positive disability culture in Italy and foster a more inclusive workplace. The project is creating an impact and, with additional funding awarded in 2022, will expand its reach to more companies and support more youth with disabilities, enabling employment and cultural change.

Allianz foundations

Allianz has 12 foundations around the world which support next generations programs focused on education and employability.

The foundations often cooperate with the local operating entities on activities for next generations and people with disabilities. For example in Germany, the Allianz foundation in Berlin will focus on three new next generations flagship projects; Fellows, Hubs and Study.

Education and academic support

Allianz offers various scholarships, including for example European School of Management and Technology (ESMT) and MIB Trieste School of Management.

We also support scientific research through the Allianz France annual medical research award and Allianz Re climate research awards. Allianz SE supports visiting scholars (for Jewish Islamic Studies at LMU), Professorship (TUM Data Science) or host internships from Tonji University students.

02.7 Corporate citizenship

Allianz emergency relief

In addition to our Corporate Citizenship Strategy focusing on next generations and People with disabilities, we support communities where we live and work, especially in times of need. We leverage our expertise, resources and assets to align with local priorities. Our projects aim to improve socio-economic conditions for the next generations in the local environment.

Allianz responded to the Ukraine war by announcing that it will make € 12.5 million available for the humanitarian support.

Key U.N. agencies (UNHCR, UNICEF, WFP), the Red Cross Society, International Rescue Committee, Mercy Corps, World Central Kitchen and SOS Children's Villages benefited from donations.

Donations were used to support people from disadvantaged backgrounds including disabilities, LGBTQ+ and people of color as well as women and children. We also set up an employee donation platform and, with the participation of tied agents from key markets, raised more than € 1 million. Allianz matched employee donations.

Beyond Ukraine, 2022 saw devastating flooding impacting several geographies. Allianz provided immediate response disaster, such as in South Africa and Pakistan.

Tackling local plastic challenges

Protecting marine wildlife with Sea Shepherd

We have joined forces with Sea Shepherd, an international marine conservation NGO that engages in direct action to conserve and protect the world's oceans from illegal exploitation and environmental destruction and recycles plastic cleaned up from oceans into products such as crates for transporting injured turtles. Our partnership secures two years of work for the crew of the Sea Eagle to tackle plastic pollution by removing abandoned fishing gear, which makes up to 50 percent of plastic waste in the sea.

Supporting livelihoods and tackling plastic waste in India

Allianz SE, Allianz Technology in India and Allianz Services India have partnered with Plastic Fischer, a German start-up focused on developing and deploying low-tech solutions to collect and remove plastic from rivers, tributaries and canals of Trivandrum, the capital of the state in Kerala, to stop it from entering the ocean. Plastic Fischer sorts the waste and makes sure that all recyclables are reintroduced into the supply-chain.

02.7.3 Employee volunteering and donations

Allianz's social impact programs and corporate volunteering activities are run by local operating entities and our twelve affiliated foundations.

In 2022, our combined contributions totaled € 42.8 million (2021: € 28.2 mn); and 79 thousand hours (2021: 73 thousand hours) in corporate volunteering.

Table CC-1

Corporate citizenship data
€ mn

As of December 31		2022	2021	2020
Corporate Giving Total (Cash contributions)	€ mn	42.8	28.2	43.5[2]
Number of foundations	#	12	12	12
Volunteering hours[3]	hours	79,137	72,580	56,654
Employee satisfaction around volunteering (AES question)	%	82.0	78.0[1]	78.0

We measure employee satisfaction with volunteering opportunities through the Allianz Engagement Survey question: 'Our company offers enough opportunities for me to environmentally and socially support the community that we operate in'. In 2022, we achieved a score or 82 percent (2021: 78 %[1]).

World Cleanup Day

World Cleanup Day is a global movement which unites 191 countries for a cleaner planet. Allianz entities around the world take part and we encourage employees, customers, agents and partners to join this global concerted effort for our planet.

Around over 1,700 volunteers from across Allianz took part in 2022, representing almost 50 operating entities and collecting one ton of waste.

1 Data was restated from 76 % in the Allianz Group Sustainability Report 2021 to 78 % in Allianz Group Sustainability Report 2022.
2 Basis of calculation changed in 2021 – data from 2019 and 2020 have been adjusted to the same basis.
3 Data collection process is dependent on OE data availability. Numbers are dependent on the reporting effort of each OE, which is different from year-to-year.

02.7 Corporate citizenship

02.7.4 Measuring our social impact

To drive our contribution towards creating systemic change across our target SDGs, we must understand and analyze our impact.

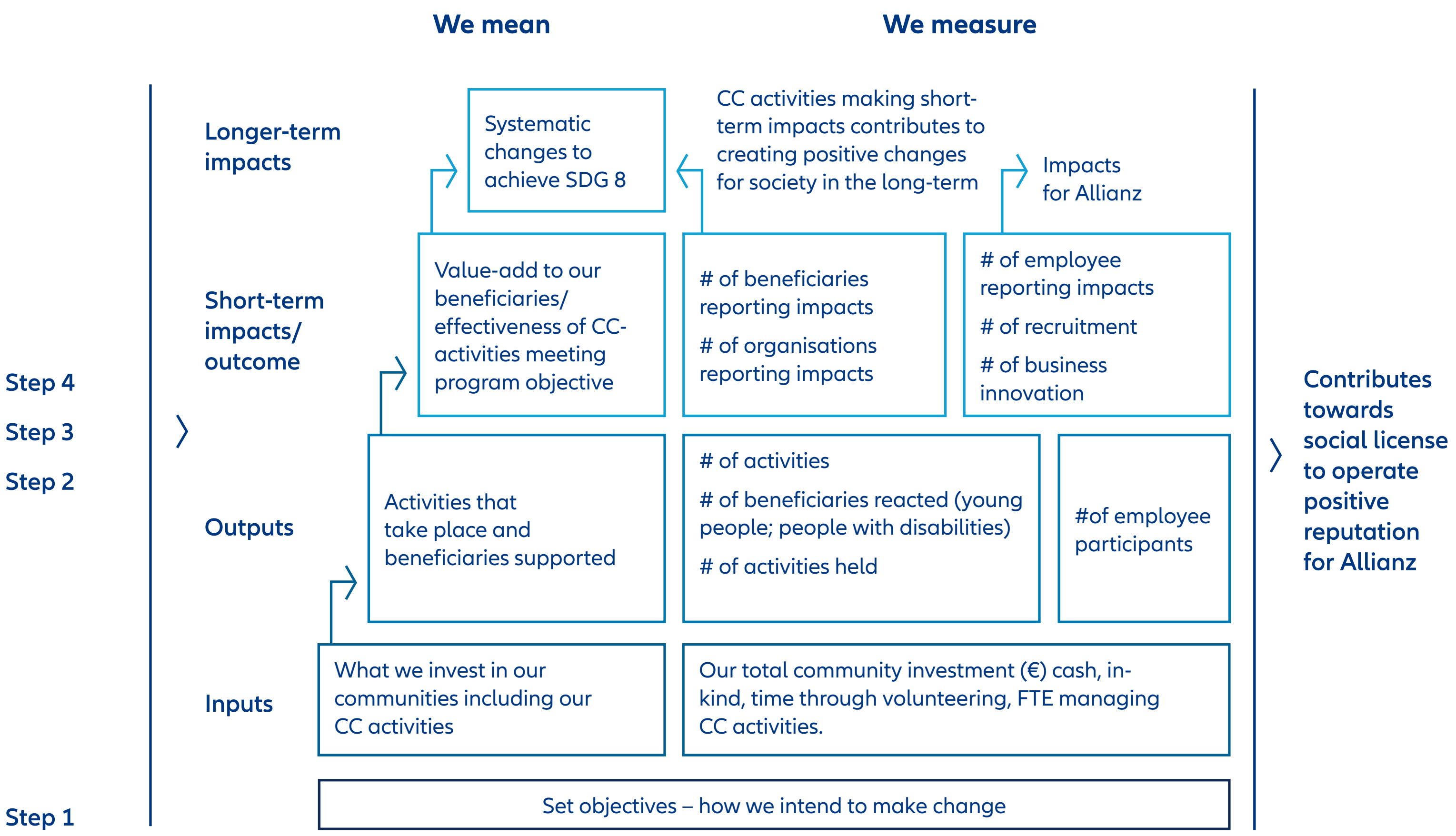
Measuring and managing impact can be challenging as the long-term effects of interventions address multiple stakeholders and involve complexities.

We use the Allianz Social Impact Measurement Framework to support local entities in setting their ambitions and measuring and reporting on the impact of corporate citizenship activities locally. We measure:

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

as shown in the following graphic.

Impact measurement framework captures impact for beneficiaries & society and Allianz



03 Climate change related disclosure

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

03.1 The global challenge and the role of Allianz

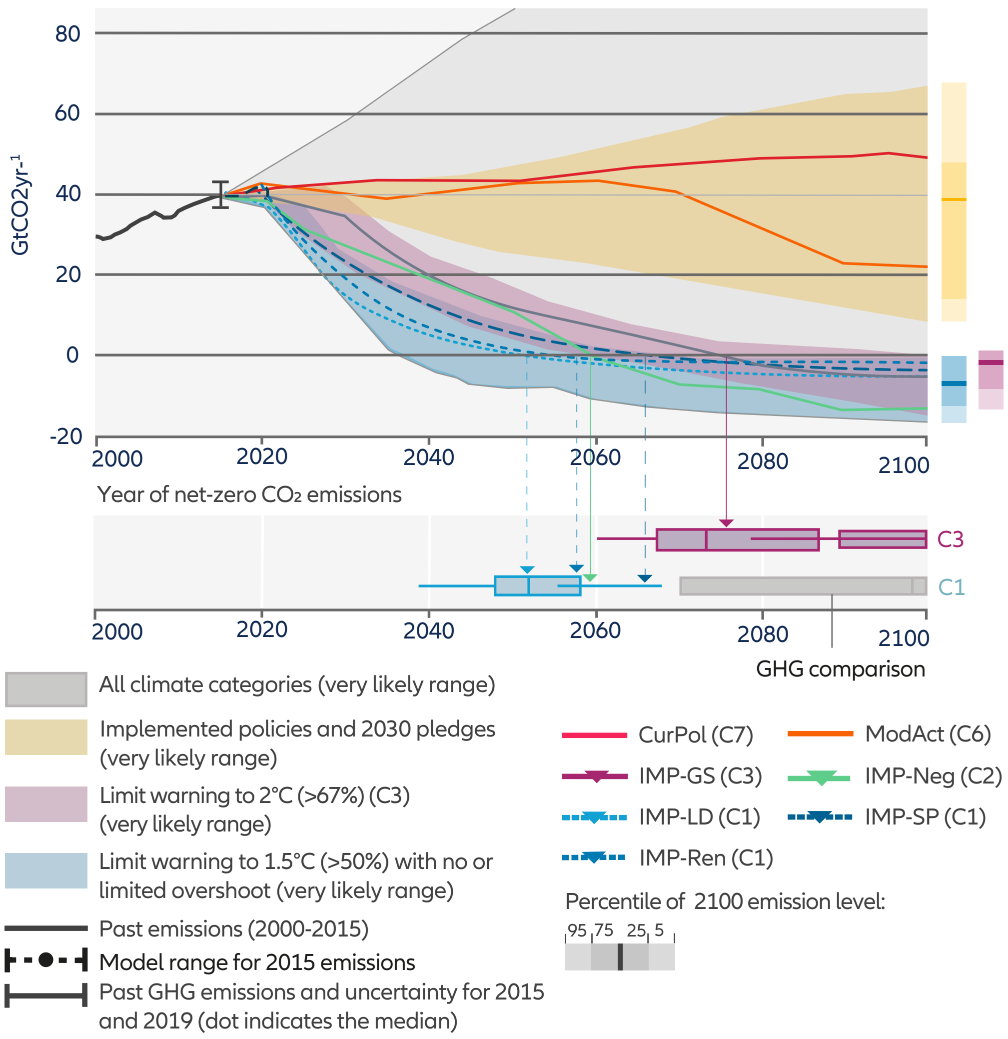
03.1.1 The net-zero challenge

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, and 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 stop these developments, the Paris Agreement of 2015 set the goal of limiting global warming to a maximum of 1.5°C by the end of the century. This results in a fixed carbon emissions budget, i.e. an upper limit for global emissions that may still be released. Including a small risk buffer for self-reinforcing climate change feedbacks or delays in the use of negative emissions, a maximum of roughly 300 billion tons of carbon emissions may be emitted worldwide to limit warming in 2100 to 1.5°C with a probability of 67 %.[1]

Based on modelled emission pathways from IPCC[2] (with an overview within figure 1) with little or no temperature overshoot of 1.5°C, emissions need to be halved every decade. But instead, in 2021, annual emissions reached a record level of 39 billion tons[3], so if current trends continue the budget will be exceeded way before 2030 and 1.5°C will be overshot. 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 back warming to 1.5°C by the end of this century.[4]

Figure 1: Global CO_2 emissions pathways (source: IPCC AR6)



1 Source: IPCC Assessment Report 6 Working Group I Table SPM.2.
2 Intergovernmental Panel on Climate Change.
3 Source: U.N. Emission Gap Report 2022.
4 Source: IPCC Assessment Report 6 Working Group III.

03.1 The global challenge and the role of Allianz

03.1.2 Our climate footprint

Allianz's Group Climate Change Strategy commits us to reach net-zero greenhouse gas (GHG) emissions by 2050 across our business in line with the 1.5°C pathway. This is translated into dedicated strategies and targets across our value chain emissions: Our business operations (scope 1, 2 and most material scope 3 emissions), our proprietary investments (scope 3 category 15 'financed emissions'), as well as our insurance underwriting (scope 3 category 15 'insurance-associated emissions')[1], for our business operations is even by 2030.

For insurance-associated emissions the methodology is currently been jointly developed by the Net-Zero Insurance Alliance and Partnership for Carbon Accounting Financials.

Proprietary investment portfolio carbon footprint

Both our listed equity and corporate bonds portfolios have undergone considerable changes in the past three years, characterized by the economic impacts of the COVID-19 pandemic, the war in Ukraine, and the first impacts of our portfolio steering towards the climate targets.

Since 2019, we achieved a reduction of absolute emissions by -35 % and are below our target of -25 % for 2024. Portfolio reallocations contributed -26 %p, overarchingly driven by intra-sector shifts to lower-emitting companies (i.e., inside utilities and manufacturing sector). Real world emission reductions by investee companies contributed -6 %p; the remaining effects can be attributed to a change in the denominator (EVIC). This shows that stronger short-term actions by investee companies on emission reductions are necessary.

In 2022, we added carbon footprint figures for parts of our real estate portfolio (direct and joint ventures), for our direct infrastructure equity portfolio (without co-investments) and for our sovereign portfolio, in total now covering 59.6 % of our investment portfolio. For further details about targets for infrastructure equity (direct) and real estate (direct/JV), please refer to section 02.2.2. Allianz is working with the AOA to finalize the methods for sovereign bonds as next asset class. We will set targets for this asset class within 12 months after the recommended methodology is released by the AOA.

Figure 2a: Allianz Group greenhouse gas emissions (mn tCO_2eq)

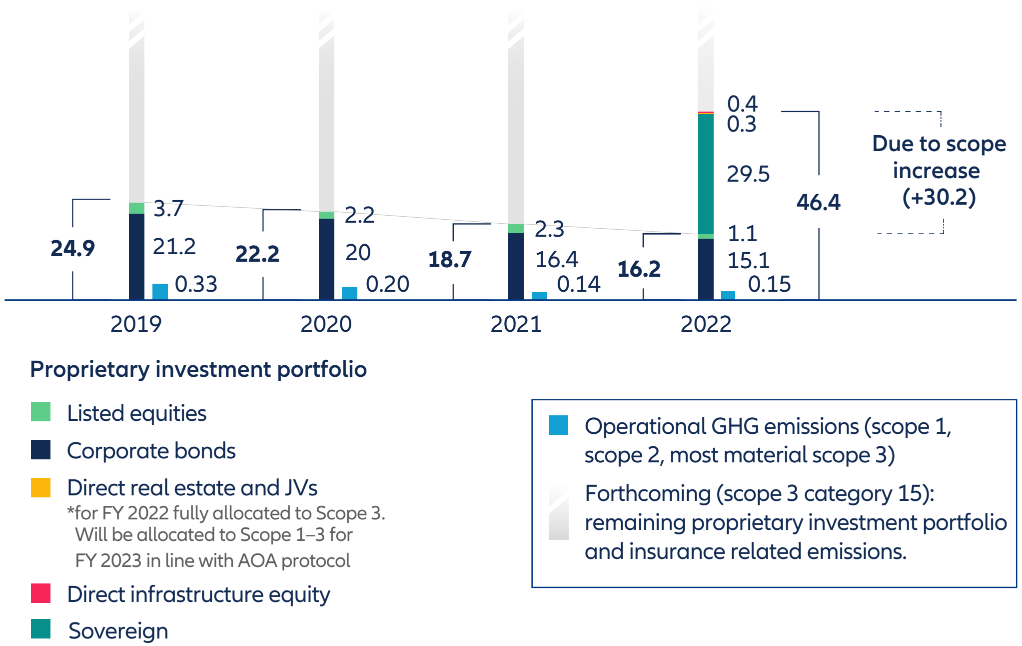
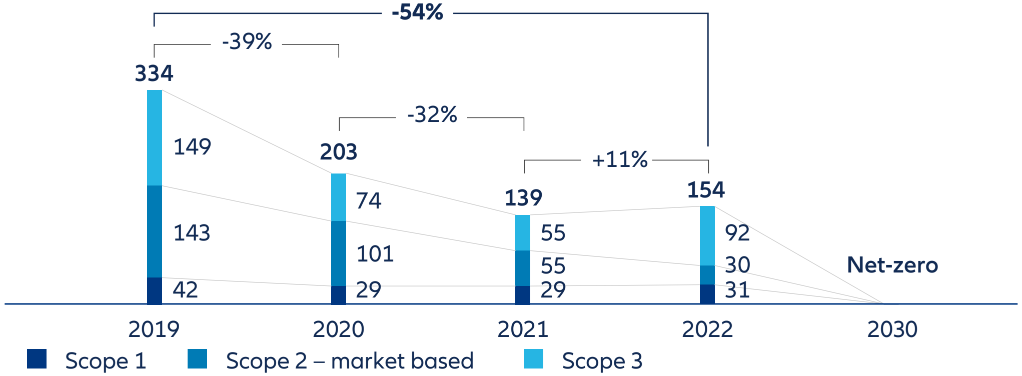


Figure 2b: Allianz Group operational greenhouse gas emissions ($ktCO_2eq$)



1 As per greenhouse gas (GHG) Protocol.

03.1 The global challenge and the role of Allianz

Table TCFD-1

Portfolio carbon footprint overview

Indicator	Components/Sub-indicators	Unit	2022	2021[1]	Δ y-o-y
Total	AuM	€ bn	701.1	849.2	-17.4%
	AuM covered with CF methodology	€ bn	418.2	246.3	69.8%
	Share of AuM covered with CF methodology	%	59.6	29.0	30.6%-p
	Carbon footprint absolute emissions	mn t CO_2e	46.3	19.1	142.2%
	Carbon footprint relative emissions	t CO_2e/€ mn invested	110.8	77.7	42.6%
Corporate bonds	Corporate bonds Portfolio AuM	€ bn	193.4	197.6	-2.1%
	Corporate bonds Share of total AuM	%	27.6	23.3	4.3%-p
	Corporate bonds Absolute emissions	mn t CO_2e	15.1	16.4	-8.0%
	Corporate bonds Relative emissions	t CO_2e/€ mn invested	78.1	83.2	-6.1%
	Corporate bonds Emissions data coverage	%	79.2	73.0	6.2%-p
Listed equities	Listed Equities, Portfolio AuM	€ bn	21.0	40.8	-48.4%
	Listed Equities, Share of total AuM	%	3.0	5.0	-2.0%-p
	Listed Equities, Absolute emissions	mn t CO_2e	1.1	2.3	-50.9%
	Listed Equities, Relative emissions	t CO_2e/€ mn invested	52.7	55.7	-5.3%
	Listed Equity Emission data coverage	%	95.0	97.0	-2.0%-p
Sovereigns	Sovereign, Portfolio AuM	€ bn	153.0	n/a	n/a
	Sovereign, Share of total AuM	%	21.8	n/a	n/a
	Sovereign carbon footprint absolute emissions	mn t CO_2e	29.5	n/a	n/a
	Sovereign carbon footprint relative emissions	t CO_2e/€ mn invested	192.6	n/a	n/a
	Sovereign Emission data coverage	%	99.7	n/a	n/a
Real estate	Real estate, Portfolio AuM	€ bn	43.0	n/a	n/a
	Real estate, Share of total AuM	%	6.1	n/a	n/a
	Real estate carbon footprint absolute emissions	mn t CO_2e	0.3	n/a	n/a
	Real estate carbon footprint relative emissions	kgCO_2e/sqm	33.0	n/a	n/a
	Real Estate Emission data coverage	%	60.6	n/a	n/a
Infrastructure	Infrastructure equity, Portfolio AuM	€ bn	7.7	7.9	-2.2%
	Infrastructure equity, Share of total AuM	%	1.1	0.9	0.2%-p
	Infrastructure equity carbon footprint absolute emissions	mn t CO_2e	0.4	0.4	-11.4%
	Infrastructure equity carbon footprint relative emissions	t CO_2e/€ mn invested	60.3	63.9	-5.7%
	Infrastructure equity Emission data coverage	%	83.3	87.0	-3.7%-p

The past three years showed why we believe that both absolute and relative indicators are necessary to measure the carbon performance of portfolios. Relative indicators are sensitive to changes in either direction in both company valuation and company sales, whereas absolute emissions are sensitive to strategic asset allocation shifts.

It should also be noted that our current emission Scope is 1 and 2 and does not consider emissions in the wider value chain of investees, which can be significant for many sectors. While data quality for Scope 3 emissions is still comparably low, there is merit in sector specific Scope 3 indicators and data to determine if companies and their products are on a pathway consistent with our 1.5°C ambition. We are working to develop these indicators also as part of our work with the AOA. We are also calling for harmonized carbon disclosure requirements across all three scopes of greenhouse gas emissions.

The detailed methodology and respective metrics for the carbon footprint can be found in section 01 of our Explanatory Notes.

1 Infrastructure equity asset class disclosed since 2022, but prior year numbers available. These numbers are included in the Total AuM for 2021. Hence, the total absolute emissions in Allianz Group Sustainability Report 2021 (18.7 mn t CO_2e). Please note that 2021 corporate bonds share of total AuM was restated.

03.1 The global challenge and the role of Allianz

03.1.3 Climate-related risks and opportunities

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

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

Impact on our business and impact of our business

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

1. 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.
2. As a large-scale institutional investor with significant stakes in various economies, companies, infrastructure and real estate that might be affected by the physical impact of climate change and the transition to a low-carbon economy.

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

> **In section 03.4 we disclose different quantitative and qualitative assessments for physical and transition risks.**

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

Table TCFD-2

Exemplary illustration of climate risks translation

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

03.2 Strategies

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

Our strategy focuses on three areas: Anticipating the risks of a changing climate; Caring for the climate-vulnerable; and enabling the low-carbon transition. These strategy pillars are described in section 01.5 of this report.

The Allianz Group Climate Change Strategy commits us to reach net-zero greenhouse gas (GHG) emissions by 2050 across our business. This is in line with the ambitions of the Paris Agreement to limit global warming to a maximum of 1.5°C by the end of the century. Our priorities include quantitative emission targets for our portfolios, targeted restrictions of fossil fuel based business models, driving our systematic approach to investee engagement and policy advocacy, and implementing the TCFD recommendations.

We embed the management of risks and opportunities resulting from climate change in our overall business strategy.

Measures include: developing and adjusting financial products and services; updating policies and processes; setting targets and limits; managing our operational climate footprint; and engaging with internal and external stakeholders.

Net-Zero Pledge and the Net-Zero Alliances

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

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

> **The NZAOA is explained in more detail in section 02.2 and the NZIA is explained in section 02.1.**

In 2020, Allianz set intermediate targets following the guidance of the NZAOA for the asset classes listed equity, corporate bonds and real estate. In 2021, we also set targets for infrastructure investments.

> **Our targets cover all four dimensions as described in the NZAOA Target Setting Protocol and are explained in detail in section 02.2.2.**

We furthermore plan to set targets for the insurance underwriting portfolio during the course of 2023, based on the NZIA Target Setting Protocol.

Managing transition risks

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

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

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

Phasing out fossil fuels

Allianz started to restrict financing coal-based business models in 2015. For defined coal-related activities, equity stakes have been divested, existing fixed income investments put in run-off and no new investments have been allowed since 2015. Since 2018, we do not offer insurance for individual coal infrastructure on a stand-alone basis and we require all companies across our P&C insurance and proprietary investment portfolio to fully phase out coal by 2040 at the latest. In 2021, Allianz released an update of its guideline on coal-based business models which defined even more ambitious thresholds from 1 January 2023

03.2 Strategies

and a clear pathway to further reduce thresholds in the future to fully phase out coal by 2040 at the latest.[1]

The goal of the coal restriction is to drive a transition away from coal globally. This also means we want to insure those companies with credible transition plans. Therefore, if companies fail to meet our criteria and thresholds, but they do present credible and public emission reduction targets to transition away from coal compatible with the scientific pathways of limiting global warming to 1.5°C and which is confirmed by independent third-party assessments on targets and performance, the Global Sustainability team will evaluate on a case-by-case basis if they can be exempted from our restrictions.

Furthermore, we will insure green energy projects/subsidiaries and invest in ring-fenced green assets of excluded companies which we assess to have a long-term strategy on coal phase-out in line with short-term reduction targets and are not building/planning new coal.

Our criteria are continuously tightened as explained in more detail in our public statement on coal-based business models.

In 2022, we received 50 coal-related requests from our operating entities to exempt clients from company-based restrictions related to both insurance and proprietary investment segments. Of these, 22 exemptions were granted, and 28 were not granted. Of those granted, 5 were 1.5°C exemptions, 4 were well below 2°C exemptions which led to a grace period of one year, and 13 were green exemptions.

In 2022, we introduced a targeted restriction for the oil and gas sector. As of 2023, direct investments in and single-site / standalone insurance of selected oil and gas projects are prohibited. This includes new oil and gas fields as well as oil pipelines and oil power plants. Further restricted are projects in the Arctic[2] and Antarctic regions, in the ultra-deep sea, as well as those related to extra-heavy oil and oil sands.

From the largest oil and gas producing companies we expect by January 2025 a thorough commitment to net-zero greenhouse gas emissions by 2050 across their full value chain. Largest oil and gas producing companies are defined as having more than 60 million barrels of oil equivalent production in 2020. These are estimated to represent approximately 85 percent of the hydrocarbon production of the oil and gas industry. These companies should ideally in addition align their operations and disclosure to the Climate Action 100+ Net-Zero Company Benchmark requirements, most notably the alignment of capital expenditures and corporate lobbying.

Also here, we will continue to support renewable/low-carbon energy projects with investments and insurance, to accelerate the transition towards net-zero aligned technologies.

Further details and definitions can be found in our public statement on oil and gas business models.[3]

Both guidelines are complemented by the existing approach for consideration of wider ESG aspects as described in the Allianz ESG Integration Framework.

See chapter 02.

Seizing on opportunities

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

Read more in our ESG Integration Framework.

We have strategically invested in low-carbon assets for over a decade. This includes renewable energy, certified green buildings and green bonds (see section 02.2). Our Sustainable Solutions program provides products and services that create shared value by improving people’s lives and/or delivering a positive environmental impact. Allianz is one of the leading insurers of low-carbon technologies. As part of our Sustainable

1 As of January 2023, our threshold for the coal share in the company’s respective business is lowered to 25 % and will be further reduced to 15 % as well as 5 % globally as of year-end 2025 and year-end 2029 respectively. Those thresholds have been derived from coal share in power generation in IPCC’s no and low overshoot 1.5°C scenarios.
2 As defined by AMAP, excluding operations in Norwegian territories.
3 The phasing out of fossil fuels and scaling up of renewable energy also as per our investment targets (section 03.4) is also put forward by the U.N. HLEG report on net-zero commitments in recommendation 5.

03.2 Strategies

Solutions approach, we provide standardized and tailor-made insurance products and are insuring renewables in 70 countries.

We also aim to reduce the impacts of climate risks and incentivize preventive measures to increase customers' resilience and compensate for climate-related damages.

Examples include risk consulting services offered by AGCS, our active support of the InsuResilience Global Partnership and our work with the German Corporation for International Cooperation (GIZ) to pilot innovative insurance solutions in emerging and developing countries.

Active company dialogue, joining forces and targeted engagement

We actively engage investee companies and insurance clients using a variety of channels and formats. A key forum for engaging the 166 most carbon-intensive companies is Climate Action 100+ (CA100+), a collective engagement platform made up of more than 700 global investors responsible for more than $68 trillion in assets under management.

> **Our goals and actions in CA100+ are explained in section 02.2.**

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

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

> **For more details on our engagement approach please see sections 02.2 and 02.3.**

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

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

Addressing climate change in our own business operations

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

The low carbon footprint of our operations makes us less prone to carbon price risk and we have committed to reduce it further.

> **See section 02.6.**

Forest protection to protect carbon sinks and biodiversity – our approach to carbon credits

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

Looking ahead, we believe the focus should be both on reducing emissions in line with science and protecting natural systems. We have set corresponding targets to reduce emissions in our investments and operations, see respective sections in chapter 02. Targets for insurance underwriting are expected to follow in 2023. Science has made clear that the 1.5°C target will require an upscaled removal of emissions from the atmosphere into technical and natural carbon sinks in the mid-term. The IPCC defines carbon neutrality as achieved when anthropogenic emissions of GHGs to the atmosphere are balanced by anthropogenic removals over a specified period. We support this understanding in the context of our net-zero commitment. Given our focus on our emission reductions and that we wanted to await the results of the United Nations HLEG Group's report on Net-Zero Commitments of Non-State Actors, we delayed our strategy development on carbon removal and associated net-zero offsetting to 2023.

03.2 Strategies

Partnerships, memberships and financial industry engagement

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

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

Through our additional memberships, including The B Team and World Economic Forum (WEF) Alliance of CEO Climate Leaders, we encourage companies within our sector and beyond to step up and improve their climate strategies and climate disclosures, as well as develop our own. Furthermore, our Board member Günther Thallinger was appointed to the U.N. HLEG on Net-Zero Emissions Commitments of Non-State Entities which released their recommendations for necessary elements of net-zero commitments at COP27 in November 2022.

Allianz partners with international organizations to drive climate-smart investment and insurance. One example is the Sustainable Development Investment Partnership (SDIP) which aims to scale the use of blended finance in sustainable infrastructure investments in developing countries, an initiative coordinated by the WEF with support from the OECD.

We are an active member of climate-related industry associations and initiatives including the Munich Climate Insurance Initiative, Chief Risk Officer Forum, Global Innovation Lab for Climate Finance, Geneva Association, ClimateWise, RE100, EV100, and others.

> **For more details on stakeholder engagement see section 05.3.**

Advocating for strong climate policy

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

Asset owners like Allianz are in a unique position in the financing value chain, especially those setting themselves portfolio targets and therefore being dependent on change in policy and the real economy to achieve them. This is also the reason why we are working to contribute to transform the investment and insurance industry as part of our U.N.-convened net-zero alliances. In line with the U.N. HLEG report on net-zero commitments' recommendations 6 and 10, we are disclosing our main climate policy-related memberships (section above as well as 05.3.2 (membership list)) and our main net-zero related positions below.

In 2022, we continued to advocate for governmental policies in line with requirements of 1.5°C pathways, examples of our public advocacy, also driven via co-leading the policy work of the NZAOA, include:

- The NZAOA Statement on the Escalating Energy Crisis
- The NZAOA Position Paper on Governmental Carbon Pricing
- The NZAOA Call on Policymakers to Support Scaling Blended Finance
- The WEF Alliance of CEO Climate Leaders' Open Letter to COP27
- The joint letter by The B Team and the We Mean Business coalition COP27: All in for 1.5°C

We also advocate for:

1. Embedding 'net-zero by 2050' in short- and long-term governmental climate targets, climate strategies and emissions reduction plans, following latest climate science which requires at least halving emissions every decade in line with pathways of no or low overshoot of a 1.5°C temperature rise.

03.2 Strategies

2. Development of sector policies to promote a swift and just transition including the development of more granular short-, medium- and long-term zero carbon infrastructure plans.
3. Stringent carbon pricing to internalize the external costs of pollution, including a phase-out of direct and indirect fossil fuel subsidies.
4. Protection of nature and support for regenerative forestry and agriculture. Support for and redirecting of 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.
5. Promotion of mandatory assured climate disclosure, including transition plans, GHG emissions, associated reduction targets and alignment with 1.5°C trajectories, ideally internationally aligned.
6. Sustainable finance regulation that provides a defined, science-based and reliable framework via a common taxonomy of sustainability, clarification of asset managers' and investors' duties, inclusion of sustainability in prudential regulation, and enhanced transparency of corporate reporting.

Towards open source climate data, models and analytics

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

1. We are a member of Open Source Climate (OS-C), an initiative hosted under the Linux Foundation to enable like-minded companies to build a 'pre-competitive layer' of modeling and data that is globally shared and accessible. OS-C links company data, climate analytics (scenarios and stress tests) and scientific climate models in one platform, allowing for global collaboration on this exceptional data challenge which will accelerate innovation.
2. Allianz led the development of the prototype of a Portfolio Alignment Implied Temperature Rating tool in line with the TCFD's work on Portfolio Alignment, along with other large corporations like Amazon, Microsoft and Goldman Sachs. It will start with four sectors (Automotive, Oil and Gas, Steel and Utilities).

03.3 Targets

Our support for the net-zero transition is steered by our commitment to set science-based emission reduction targets and reach net-zero emissions by 2050 in our business operations, our insurance underwriting and our proprietary investment portfolio in line with the Paris Agreement's target of limiting global warming to 1.5°C. This already fulfills the recommendations 1 and 2 of the U.N. HLEG report on Net-Zero Commitment of Non-State Entities[1] and we will continue to advance our work on this. For emission-related targets, no offsetting credits were used.

Climate-related targets

Table TCFD-4

Targets and achievements: Climate Change Strategy

Topic	Objectives	Progress and actions 2022
Phase out of coal-based business models	• Fully phase out coal-based business models across our proprietary investments and Property & Casualty (P&C) portfolios by 2040 at the latest, in line with the 1.5°C pathway. • Engage with companies in proprietary investment as well as P&C portfolios to move away from coal. • Reduce threshold for coal-based business models for P&C insurance as well as investment portfolios from current 30% to 25% as of 31 December 2022.	For further insights into our divestments, please refer to our Group Sustainability Report 2022, chapter 04.
Transition away from oil and gas	• Targeted restrictions for oil and gas project investments and single-site P&C insurance as of 1 January 2023. • Expectations to companies with largest oil and gas production to commit to net-zero GHG emissions by 2050 by 1 January 2025.	Launch of oil and gas guideline.
Net-Zero Asset Owner Alliance	• Engage with policy-makers, regulators, sectors and companies. • Work across all dimensions of the Alliance commitment and Target-Setting Protocol • By 2023: Disclosure of quantitative joint NZAOA report.	Together with our partners at the NZAOA, we achieved the following: • Grew to 82 members across three continents with > USD 11 tn AUM. • Published 2nd version of the Target-Setting Protocol. • Conducted engagements with policy-makers, regulators, energy agencies, sectors and companies. • Published a number of position papers and statements. • Published 2nd NZAOA progress report.

1 Source: Report from the United Nations' High-Level Expert Group on the net zero emissions commitments of Non-State Entities.

03.3 Targets

Climate-related targets

Table TCFD-4

Targets and achievements: Climate Change Strategy continued

Topic	Objectives	Progress and actions 2022
Net-Zero Insurance Alliance	• We will actively contribute to the establishment of the U.N.-convened Net-Zero Insurance Alliance alongside other insurance firms around the world. • Transitioning all operational and attributable GHG emissions from its insurance and reinsurance underwriting portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels. • Launch of the NZIA Target-Setting Protocol is expected at the latest in January 2023. First individual intermediate targets for 2030 are expected to be released by mid-2023 at the latest.	Allianz co-founded the U.N.-convened Net-Zero Underwriting Alliance alongside other insurance firms around the world.

For the Climate-related targets for our business operations, please see section 02.6.

03.4 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 approaches to carry out climate stress testing and scenario analysis in consideration of the longtime horizons over which climate change may unfold and the high uncertainty over the direction of future climate and economic developments. Our objective is to foster risk awareness, build expertise in the assessment of financial risks from climate change, test our business strategy and inform risk management and business decision making.

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

Table TCFD-5

Overview of climate scenarios applied by Allianz Group

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

03.4 Strategy resilience, stress tests and climate scenario analysis

Table TCFD-6

Definition of time horizons

Short-term	Medium-term	Long-term
Up to three years	**Three – ten years**	**Ten+ years**
As defined, for instance, in our standard Top Risk Assessment process.	Needed for establishing solvency considerations and capital adequacy.	As, for instance, required for strategic decisions and transactions with investment horizons of several decades like real estate and infrastructure.

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

When conducting outside-in impact scenario analysis, we use a broader range of scenarios in terms of temperature outcomes and characteristics. Qualitative assessments are conducted to explore to what extent and across which channels climate change risks affect different aspects of our business, unconstrained by the still limited availability of quantitative models. As an example, we report results from our holistic qualitative climate change risk assessment in section 03.4.1 and an update to our survey based assessment for P&C retail business in the case study: 'OE level qualitative risk assessment for retail P&C'.

We deploy quantitative assessments for indicative sizing of our exposure to climate change risks. An integrated climate change stress test which has been developed to assess stress impacts at the level of our balance sheet is presented in section 03.4.2, applying scenario data provided by the Network for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC). This stress test approach combines market stresses for both assets and liabilities as well as L&H and P&C underwriting stresses.

Complementary bottom-up modeling for the most relevant exposures provides insights into climate change risks at the level of individual investment or underwriting projects and may support contextualization of results from top-down analyses.

> This is showcased in the carbon price stress test for listed equity and corporate bonds in section 03.4.3, a case study analyzing carbon price risks for real estate as well as the quantitative physical risk analysis for investments in section 03.4.4.

Note that the analyses included in this report reflect our current approaches to climate change risk assessments.

Prevailing methodological and data limitations as well as the high degree of uncertainty inherent in any long-term analysis may still limit decision-usefulness of some results. However, these approaches will change over time as climate scenarios evolve in line with research, developmental-stage methods improve further and industry best-practices emerge.

Table TCFD-7

Overview of business-related climate change risk analyses disclosed in this report

Objective	Name	Scope	Aspects covered	Section
1. **Economic and non-financial impacts**	Qualitative climate change risk assessment	Investments, insurance, operations	Transition, physical	03.4.1
2. **Economic impacts (top-down)**	Integrated climate change stress test	Investments, insurance	Transition, physical	03.4.2
3. **Economic impacts (bottom-up)**	Quantitative carbon stress test	Investments	Transition	03.4.3
4. **Economic impacts (bottom-up)**	Quantitative physical risk analysis for investments	Investments	Physical	03.4.4

03.4 Strategy resilience, stress tests and climate scenario analysis

Further examples of the application of scenario analysis include:

- Prospective and existing infrastructure assets undergo a thorough due diligence along evaluation criteria, considering an asset's GHG emissions and potential impact on capital expenditures and performance. Assets are required to have a clear and time-lined strategy showing how they will adapt to a decarbonizing world.
- Allianz Real Estate regularly conducts an energy and carbon performance overview of its direct real estate portfolio, including indicative decarbonization targets. Furthermore, Allianz Real Estate piloted the application of in house climate scenario analysis for investment portfolios. This work builds on internal underwriting tools to assess location-based physical climate risks and paves the way to use them on the asset side as well.

03.4.1 Qualitative climate change risk assessment

A holistic assessment of how climate change may adversely impact Allianz's risk profile over the short- to mid-term as well as long-term horizons has been conducted for all major relevant business areas using a consistent qualitative risk assessment approach. The comprehensive set of business-specific climate-change related risk drivers considered in this approach enables a detailed analysis of physical, transition and litigation risk impacts. This provides a sound basis for applying a risk-based prioritization towards the evaluation of mitigation effectiveness and management actions.

Methods, assumptions and limitations

The qualitative climate change risk assessment has been organized along business areas and risk transmission channels. Business areas are divided into Investments, Property & Casualty (P&C) Underwriting, Life & Health (L&H) Underwriting and Operations, with the Investment and Underwriting areas further broken down by asset class and line-of business, respectively. For risk transmission channels, we have considered climate change induced developments in terms of Technology, Policies and Regulations, Litigation, Human Behavior, and Physical Risk. At each intersection of a business area and a risk transmission channel, we have identified potential key risk drivers along with their potential short- to-mid-term and long-term impacts, based on a combination of desktop research and inquiry with subject matter experts.

Table 1:

Qualitative climate change risk assessment: financial and non-financial assessment dimensions considered when rating risk driver severity, per business area.

Business area	Assessment dimension #1	Assessment dimension #2	Assessment dimension #3
Investments (by asset-class)	**Revenues**	**Costs**	**Asset value**
	Productivity	Direct costs	Changes in valuation
	Sales	Indirect costs	Damages and write-offs
	Demand	Capital expenditures	
P&C Underwriting (by LOB)	**GWP**	**Claims**	**Expenses**
	Insurability	Frequency	Administrative expenses
	Affordability	Severity	Acquisition expenses
	Policyholder behavior		Claims handling costs
			General expenses
L&H Underwriting	**Mortality and longevity**	**Lapse rate**	**Morbidity rate**
	Mortality	Lapses	Diseases and illnesses
	Longevity		Injuries
Operations	**Mitigation strategy**	**Complexity and management attention**	**Required investments**

Taking this as starting point, the assessment considers each key risk driver's impact on various business-area specific dimensions of financial and non-financial performance, cf. table 1, using a four-point rating scale ('strongly negative', 'negative', 'neutral' or 'positive'). The precise rating methodologies have been customized to each business area as

03.4 Strategy resilience, stress tests and climate scenario analysis

well as calibrated against each other to ensure overall comparability. In addition, a materiality weighting has been applied for the investment and underwriting areas, considering relative contributions of each asset class and line-of-business to the overall investment or underwriting portfolio, respectively. Lastly, it should be noted that the risks are evaluated on an inherent risk basis, meaning the effect of Allianz-specific mitigation or adaption measures have not been taken into account.

The outcome of this exercise provides a high-level indication of how relevant a given key risk driver and risk transmission channel could potentially become for a given business area.

Results

A summary of some key observations derived from the qualitative risk assessment are provided below for each business area.

Property & Casualty

- **Transition risks** in general have been assessed as relatively more significant over the short-to mid-term horizon versus the long-term horizon, with the exception of legal risks within a limited number of LOBs. One supporting rationale is transitional developments related to climate change will need to be urgently realized over the next 5 to 15 years, which may represent a comparatively dynamic period of transition risk relevance for the P&C insurance sector, followed afterwards by a period of increasing stabilization. Alternatively, where developments are expected to play out over a longer-term, such as pathways towards full decarbonization, the respective policies and implementation plans will need to be well established over the short- to mid-term. At a more granular level, the assessment also demonstrates the expectation that climate change impacts will be quite diverse in severity, depending on the precise LOB and ESG Risk Transmission Channel. For example, for Technology Risks within the Aviation and Marine-Cargo LOBs alternative fuels may result in a potential net negative impact on claims in the short- to mid-term; whereas for other LOBs the net-impact of technology risks may not be as relevant.
- **Legal risk:** for most of the assessed LOBs there were no drivers identified within the risk transmission channel for Legal Risk. However, for those where applicable drivers were identified, these were consistently assessed as potentially significant. For the commercial Liability LOB this result includes consideration of climate change litigation developments. For the Energy & Construction LOB the assessment foresees litigation concerning the construction of upstream, mid-stream and downstream renewable energy infrastructure. For Financial Lines, increased legal exposures related to climate change disclosures serves as a potential risk driver. Lastly, looking forward, litigation related to greenwashing is projected to become a potentially relevant risk driver for multiple LOBs.
- **Physical risks:** amongst physical risks, acute physical risks over the short- to mid-term time horizon have been assessed as the most significant. While this result runs counter to the understanding that acute physical risks will only continue to increase in both magnitude and frequency, the presumption is over a longer-term time horizon adaptive measures will help blunt impact severity for Allianz. This includes both adaptive measures by external parties, such as regulations restricting or encouraging movement away from disaster prone areas, as well as mitigation measures by Allianz, such as improvements in the management of insurance risk concentrations and the pricing of insurance coverages.

L&H underwriting

- **LOB-specific risks:** for climate-change related risks to L&H underwriting, the assessment did not identify any overall macro conclusions for the business area. Rather, the potential impacts are very much specific to individual LOBs and ESG risk transmission channels. For example, within many of our life and health products, it is anticipated that physical risks will have a detrimental impact on morbidity and mortality rates driven by the effects from heatwaves, vector-borne diseases, drought or flood-induced food and freshwater scarcity, etc. However, the Allianz L&H portfolio is heavily weighted by longevity business which would mean L&H underwriting impacts are expected to be limited in the medium-term. In terms of consumer behavior, any mass movement towards more sustainable lifestyles, including environmentally friendly modes of transportation requiring more physical activity (e.g. biking, walking or public transportation) or nutrition (e.g. reduced meat consumption) is likely to result in positive underwriting impacts. These positive consumer behavior changes are likely to be further enhanced by supporting policy responses, such as the greening

03.4 Strategy resilience, stress tests and climate scenario analysis

of public urban spaces as a form of carbon capture and to combat high temperatures, or the expansion of public transportation and cycling infrastructure.

Investments

- **Transition risks:** overall, transition risks are viewed as relatively more material over the short- to mid-term, once again following the logic that much of the transition-related measures in response to climate change will need to be established over this time frame. During this period an increasingly confident sorting of the investee universe – in terms of both locations, sectors and individual companies – will occur on the basis of increasing transparency over those investees who stand to benefit from the opportunities or otherwise mitigate the risks related to climate change versus those investees which don't (i.e. based on either their inherent business model, such as coal-based business models, or a failure in strategic long-term planning). Enabling this sorting of the investee universe on the basis of investees' potential climate change risks will be one important outcome enabled by recently proposed climate change disclosure regulations, such as the EU's Corporate Sustainability Reporting Directive or TCFD-aligned rules recently proposed by the SEC. While climate change transition risks will also continue to impact investees over a longer-term, relatively speaking the greatest disjunction is predicted to occur in the medium-term.
- **Asset-class specific risks:** in addition to broad-based conclusions around overall transition and physical risks, the assessment also highlights more specific potential risk developments for each asset-class. For example, with respect to certain types of infrastructure investments, the assessment foresees a strong positive impact over both a short- to mid-term and long-term basis as governments around the world turn to public-private financing (PPF) and other forms of infrastructure-oriented subsidies to facilitate the transition to renewable energy and other climate change adaption or mitigation projects. Overall, internal analysis projects the listed equity and corporate bond asset classes as the most sensitive to climate transition scenarios. This is mainly because equity investments are directly affected by climate-related impacts and changing market expectations and resulting market valuation. In contrast, for a long-term investor like Allianz, impacts on debt investments would be felt first by a changing of spreads and to a lesser extent by impairment of debt service of assets.

Operations

- **Short to- mid-term risks:** over the short- to mid-term the most consequential climate-change related impacts for Allianz's own operations includes compliance with the quickly developing regulatory landscape, which increases Allianz's operational complexity – and by extension operational and legal risks – through the need to introduce new or modified processes, reporting and governance elements. Although these regulatory aspects are extensive, Allianz is confident in its ability to comply.
- **Long-term risks:** on a longer-term basis the assessment foresees increasingly significant climate-change impacts on our business operations from both physical risks and consumer/ human behavior risks (transition risk). On the physical risk side, rising temperatures, heatwaves, floods and other similar natural events may trigger disruptions to both IT and non-IT (e.g. personnel, office locations) operations. For consumer behavior, we anticipate that climate-considerations will play a relevant role in human resource management, for example in terms of attracting and retaining talent, constructively engaging climate change activism by employees, or addressing the need to re-skill or up-skill the climate change competencies of Allianz's workforce, Board of Management and Supervisory Board.

Risk response

Reflecting on the results in terms of potential risk responses, while there may be instances where new mitigation measures (e.g. processes, controls, strategies) specifically designed around climate change may need to be introduced, in many other cases the currently existing risk management processes should be sufficient.

For example, with respect to P&C underwriting, well-established techniques such as premium adjustments, changes in coverages, exclusions, expansions, or modifications to risk limits can all be employed. However, insofar as climate change will fundamentally alter insurance markets, the consequences are much more uncertain. This fundamental altering includes themes such as coverage affordability, the shrinkage of existing markets or the emergence of new markets, products or coverages encompassing difficult-to-price risks (e.g. similar to industry experience around the emergence of cyber insurance).

03.4 Strategy resilience, stress tests and climate scenario analysis

Outlook

The qualitative risk assessment represents an extensive exercise that occurred throughout much of 2022. Using this basis, we are able to apply a risk-based approach to determine – against a very broad scope of potential climate change impacts on Allianz's business – which specific risks or areas of the business should be subjected to more sophisticated qualitative or quantitative scenario analysis. As an example, in 2022 we performed a bottom-up OE level qualitative risk assessment for the P&C retail motor and property LOBs. In terms of improving our understanding of climate change impacts on our business, this bottom-up OE assessment supports the top-down climate change qualitative risk assessment described above by providing a more nuanced, OE- and retail-business specific view of climate change risks within those two LOBs. This both serves as a means of validating and increasing the robustness of results from the top-down assessment, as well as allowing for a more OE or sub-segment targeting of potential risk responses. The following content elaborates on the results from this assessment.

Case study: OE level qualitative risk assessment for retail P&C

Given their business focus and flexibility, we consider qualitative approaches as suitable tools to identify risks and opportunities, as well as potential response options, from a strategic angle. They allow us to explore in principle a rich set of transmission channels and interdependencies that do not have to be hardwired from the outset. Here, we report on an extension of the survey-based assessment covering our major P&C retail lines of business that we launched in 2021 as part of our Group-wide climate change initiative which aims to identify and assess related risks and opportunities.

Methods, assumptions and limitations

The Network for Greening the Financial System (NGFS) provides six scenarios with differing levels of physical and transition risks. For the qualitative risk assessment, we have chosen the two 'extreme' scenarios of 'Divergent Net-Zero' and 'Current Policies' to present two clearly distinguishable development paths to the participants of the survey. 'Divergent Net-Zero' is characterized by ambitious and immediate, but rather un-coordinated climate policies.

Under this scenario the net-zero target will be reached in 2050, with relatively low physical risks in comparison to scenarios with more severe global warming. However, these low physical risks will be accompanied by a lack of policy coordination across sectors, resulting in rather high transition costs that are further compounded by fast technological changes. The scenario 'Current Policies', on the other hand, assumes that only currently implemented policies are preserved, implying relatively slow technological change resulting in low transition risks, but high long-term physical risks due to global warming exceeding 3°C by the end of the century.

For this bottom-up qualitative risk assessment we have kept the scope of the exercise with regards to lines of business and time horizons unchanged, meaning participants were asked to give their assessments for the retail motor and property lines of business over two different time horizons (i.e. short- to mid-term 2022 to 2030 and long-term 2031 to 2050). However, we increased the granularity of the survey by focusing on our four largest European markets; France, Germany, Italy and UK.

In order to provide participants a better understanding of how the scenarios might affect the business environment we further augmented NGFS data with specific business drivers, such as the numbers of electric vehicles or targets for retrofitting buildings tailored to local markets. Finally, the risks and opportunities from climate change were assessed on a four-point scale based on qualitative criteria, including shrinking markets, higher claims, dwindling reinsurance capacity or changes that increase the market's susceptibility to disruption, while also considering efforts that need to be undertaken to adapt to a changing business environment. Ratings were established for volume and profitability impacts as well as overall consequences. The subsequent assessment of risk mitigation necessity considered whether effective mitigation is provided by business-as-usual risk management practices, such as re-pricing or reinsurance, or whether extraordinary measures such as a business-line exit need to be taken, and whether a strategy on how the business might respond to the risk has already been elaborated. Ratings are commented for proper contextualization of the survey participants' choices.

03.4 Strategy resilience, stress tests and climate scenario analysis

Assessments were performed in a workshop format with various participants from local P&C underwriting, pricing and claims areas.

Results

The following provides a summary of results from the local OE assessments.

Transition risks under the different scenarios can be further differentiated into three sub-categories: policy, technological and consumer preferences. All three will weigh on future premium growth and profitability in retail motor. Higher carbon prices in the 'Divergent Net-Zero scenario', for example, will translate into higher mobility costs. At the same time, we anticipate that significant public investments in public transport should increase the attractiveness, and thereby usage, of this means of transport. Consumers will react to these shifts by reducing car ownership and individual mobility. While modest in the short- to mid-term, these trends are likely to accelerate after 2030, translating into a negative outlook on business volumes in the long-run.

Survey respondents also confirmed that technological change will be a main driver for declining profits in motor retail business due to higher loss ratios. Although claims frequency might decline thanks to better technologies, this is more than offset by an increase in severity, meaning higher costs for repairs and spare parts. Over the long-term these developments should be reflected in pricing, such that the adverse technological impacts will become increasingly less material before ultimately achieving a state of neutral impact. In this respect, differences in survey responses reflect how advanced respondents see themselves with respect to insuring EVs, among other factors. Physical risks like extreme weather events are assessed as having only a minor impact on claims in the motor business in the 'Divergent Net-Zero scenario'.

While the 'Divergent Net-Zero' scenario is expected to have a clearly negative impact on the retail motor business the story is different for retail property, where the survey revealed mixed views. Here, an overall positive impact is expected, in particular for top-line growth, i.e. Gross Written Premium. The main drivers are new standards for buildings (the policy aspect of transition risks), which require corresponding insurance cover and offer new opportunities, but also increasing demand due to growing risk awareness, especially in markets with lower insurance penetration. Furthermore, increased natural catastrophes (NatCat)risks are likely to lead to a greater level of risk aversion or consumer desire for protection, which in turn will translate into higher premiums.

On the profitability side, the picture is more nuanced. More extreme weather events will lead to rising claims, but pricing and portfolio steering should be able to neutralize the impact on the bottom line. In this context, technical excellence was seen as a strong competitive advantage over the short- to mid-term by one respondent, supporting a rather positive view on profitability. For other respondents, however, higher claims associated with new building materials and technology as well as limitations around pricing adjustments (e.g. tacit renewals) lead to the assessment of a neutral or even negative impact on profitability. These differences in the assessments disappear over the long-term, where pricing is expected to be adapted, but serve to highlight the different market characteristics as well as the degree of uncertainty and divergent views on risk development, even amongst subject matter experts.

Turning to the scenario 'Current Policies', the assessments are mostly similar, albeit with transition impacts being viewed as generally less severe, especially over the short- to mid-term time horizon. As policies stay more or less unchanged, the trends of less individual mobility and more climate-efficient buildings will unfold more slowly. Therefore, the qualitative risk assessment expects almost no net change in the business environment until 2030. Only after this will the full impact of these trends be felt. Mixed views prevail for retail motor, where survey respondents weigh the various impacts from market growth, increasing physical risks and competition very differently. For retail property, most respondents assessed negative impacts on profitability from increasing physical risks and competition over the short- to mid-term, which served as the primary driver for the overall assessment result. Over the long-term, this is further aggravated by potential issues around insurability, reinsurance capacity and government intervention preventing proper price adjustments, with the exception of one response, which assigns a higher weight to increasing demand and acceptance of risk based pricing.

03.4 Strategy resilience, stress tests and climate scenario analysis

Outlook

The survey-based qualitative risk assessment for local P&C retail business across four markets delivered valuable insights. Moving forward, further qualitative risk assessments will be performed through a step-by-step process for the most relevant P&C business portfolios, including further expanding the scope with regards to client segments and regions. Further development of the approach is also planned in order to better feed the results into business strategy and decision-making, both in terms of risk management and as well as the capturing of business opportunities (e.g., for product development, portfolio management and provision of risk consulting services). The implementation of the NZIA (Net-Zero Insurance Alliance) commitments and the respective reporting on Insurance Associated Emissions according to the PCAF (Partnership for Carbon Accounting Financials) Standard will lead to a better understanding of Allianz's carbon exposure and associated risks and opportunities in the underwriting portfolios.

03.4.2 Integrated climate change stress test

The following integrated climate change stress test results are intended to showcase 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. In practice, this complements the holistic qualitative risk assessment with quantitative information for a limited set of risks and risk transmission channels.

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, for time horizon up to 2050. Impacts are estimated for market stresses, as well as L&H and P&C underwriting stresses, using NGFS/IPCC-scenario based data from various sources. All entities contributing to the Allianz Group's Solvency II model (i.e. both Allianz's internal model or standard model rules) are in scope of the assessment. The main focus of the current analysis is to provide a best estimate for losses on own funds; where relevant, tails of loss distributions may be considered in subsequent selective studies.

Methods, assumptions and limitations

For the current implementation of the integrated climate change stress test we chose three scenario narratives from the suite of NGFS reference scenarios, representing different levels of transition and physical risk. The 'Below 2°C' (B2D) 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. The immediate but disorderly transition to net-zero in the 'Divergent Net-Zero' (DNZ) scenario entails an initial contraction of the economy, recovering to growth by 2050. Physical risks are negligible in both the B2D and DNZ scenarios over the 2050 time horizon. Accounting only for climate policies that were in place before 2019, the 'Current Policies' (CPO) scenario is characterized by limited transition risks and high physical risks which start to materialize over the second half of the century.

The market stress module uses macroeconomic and financial markets variables from the NGFS reference scenarios published in 2022 which mainly cover transition risk, but also reflect physical risk to some extent.[1]

These scenario variables have been expanded to adapt sectoral and regional coverage to the Allianz asset and liability portfolios. For some asset classes simple proxy models are applied where suitable valuation factors are missing in the scenario data. The market stresses themselves are applied to both the 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 L&H and P&C underwriting stress modules are derived from hazard models which are contingent on the IPCC's Representative Concentration Pathways (RCPs) 2.6, 4.5, 6.0 and 8.5.

The L&H underwriting stress module considers country-specific projections for temperature-related excess mortality under RCP scenarios from a study by Gasparrini et al.[2] to assess biometric losses on best-estimate liabilities. Loss estimates for mortality, morbidity and longevity are obtained from respective scaled Solvency II standard model shocks, where excess mortality is used as a proxy for morbidity for lack of medical studies linking morbidity development to temperature changes, and the opposite effect as mortality is used for longevity.

1 Please refer to the NGFS website for further information.
2 Gasparrini et. al. (2017) Projections of temperature-related excess mortality under climate change scenarios, Lancet Planet Health 1(9):e360-e367.

03.4 Strategy resilience, stress tests and climate scenario analysis

Impacts from extreme weather events are not taken into account for simplicity, i.e., net temperature increase is the sole hazard considered in the assessment.

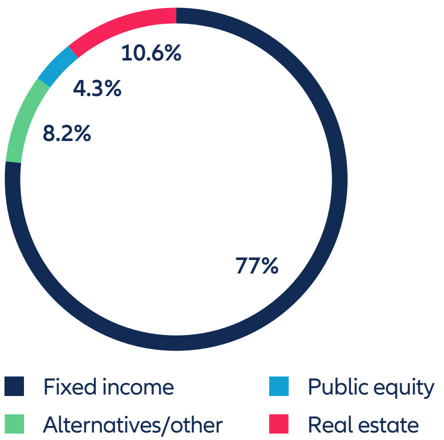
Major drivers of climate change risks for P&C underwriting are acute physical risks, which materialize as increases in the frequency and severity of extreme weather events attributable to climate change. For the P&C underwriting stress module we hence focused on changes in best-estimate liabilities for NatCat risk exposures that result from relative increases of projected losses in climate change scenarios. The assessment 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, excluding Australia, and tropical cyclone) from the Allianz Climate Change Risk Solutions (ACCRiS) project (section 02.1.3). The inclusion of further country and peril combinations is expected to increase the impact of the assessment. Note that no changes in best-estimate liabilities for windstorms in Europe are considered as scientific studies do currently not indicate a clear signal regarding an increase in climate change associated loss expectations for this peril.

To separate the impact of climate change risk from trend growth, stress levels are assessed relative to a baseline or counterfactual scenario, which are basically hypothetical variable pathways that would be expected in the absence of climate change. Furthermore, the calculation of stress impacts is based on instantaneous stresses on the static year end 2022 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 simple matching of global mean temperature pathways between NGFS and IPCC scenarios.

Impact estimates from the integrated climate change stress test rely on scenario data that is available and considered relevant as of the current point in time. Nevertheless, the magnitude of outcomes has to be taken with a pinch of salt when accounting for the significant uncertainties inherent to climate change modeling and the crucial role of assumptions in long-term projections. This notably includes the uncertainty and variation of scientific studies underlying the forecasted distributions of NatCat events, which we address by considering a broad body of scientific research as well as benchmarking of different models, and assumptions for the counterfactual scenario, which have a critical impact on results.

03.4 Strategy resilience, stress tests and climate scenario analysis

Asset allocation based on market value as of 31 December 2022
%

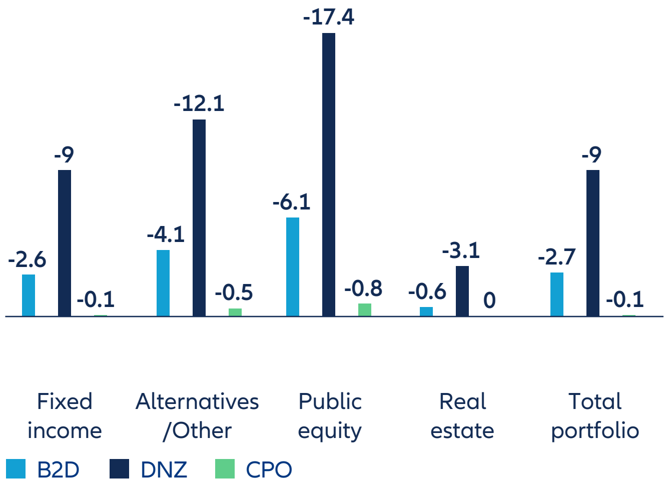


Results

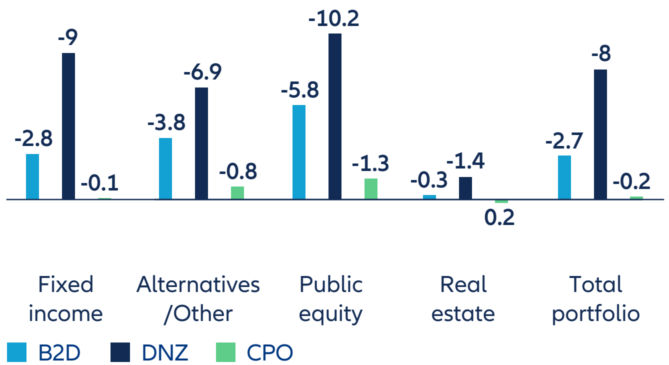
Two key overarching observations may be derived from the assessment. First, over the time horizon until 2050, aggregate Own Funds impacts are largely determined by the different levels of transition risk in the scenarios, whereas impacts from physical risks are small in comparison, but gradually increasing. Second, market stress is the largest contributor to overall Own Funds impacts, exceeding the combined contribution from L&H and P&C underwriting stresses by a considerable margin.

Expanding upon the above general observations at the individual scenario level, we noted that the orderly implementation of the not too ambitious policy target in the B2D scenario comes with a low transition risk initially leading up to moderate losses in Own Funds, which then slowly revert back towards zero at the end of the time horizon. The DNZ scenario entails the most adverse impacts in comparison to the other scenarios. Own Funds losses are largest in the first years due to the immediate but uncoordinated implementation of the ambitious policy target, where especially a rapid phase out of fossil fuels puts pressure on economies. The economic recovery over time is more pronounced in this scenario as progress is made in transitioning towards net-zero emissions in 2050. Absent of stringent climate policy implementation stress impacts are negligible until late in the time horizon for the CPO scenario, where stress impacts from physical risk phase in. However, in the long-run this scenario is expected to entail material Own Funds losses as impacts from physical risks outweigh transition risk impacts.

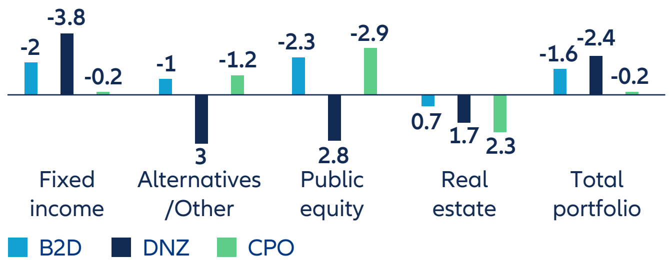
Market stress impact in 2025
%



Market stress impact in 2030
%



Market stress impact in 2050
%



03.4 Strategy resilience, stress tests and climate scenario analysis

Market stress

Under the B2D scenario, in the first years of the time horizon the market value losses of the investment portfolio are determined by a decrease in equity prices, credit spread widening as well as increasing interest rates as compared to the baseline scenario, entailing around -2.7 % in market value losses. Recovery is led by improving equity and credit spread losses in Europe, whereas US markets remain under pressure until around 2040. By 2050, market value losses are mainly driven by interest rates which stay slightly elevated over the entire time horizon.

Stringency of climate policy implementation in combination with high sector and regional variability in the DNZ scenario entails severe economic consequences, expressed in considerably higher stress levels, leading to market value losses of the investment portfolio of around -9.0 % in 2025. As in the B2D scenario, equity and credit spread losses on the investment portfolio are driven by indirect policy effects on the overall economy rather than direct policy effects on fossil-fuel extraction, processing and power generation sectors, where investment exposure is limited. The trough of the economic crisis is passed after 2025, with steep recovery of equity prices and credit spreads turning losses into nominal gains by 2040. Overall impacts stay negative in the last decade of the time horizon, though, due to high interest rates.

Under the CPO scenario, the investment portfolio experiences only minor losses. Impacts from a loss of economic productivity due to global warming gradually increase, amounting to -0.2 % in 2050. Substantially more severe consequences across all asset classes are first materializing later in the century.

Considering market stresses on assets and liabilities in combination shows that overall impacts are predominantly determined by equity prices and credit spreads, partially mitigated by policyholder participation, whereas impacts from interest rates are largely offset by liabilities.

The present analysis shows that potential transition risk impacts may become material – particularly with respect to investments – in the event climate policy triggers a severe economic crisis, such as assumed in the extreme DNZ scenario. Under this scenario, while recent, specific measures such as the decarbonization of the investment portfolio will mitigate direct, potentially adverse consequences of climate policy, established mitigation measures including limiting and hedging equity and corporate credit exposures and proper asset-liability matching retain their relevance in terms of minimizing losses.

P&C underwriting stress

The impacts on total technical provisions at the end of the projection horizon (2050) are rather low in the transition scenario RCP 2.6 and reach several EUR 100 million in RCP 8.5. The scenarios RCP 4.5 and RCP 6.0 show impacts closer to the lower end of this range. As already outlined in section 02.1.3, these results are based on a limited number of peril models (flood and tropical cyclones) and on volatile climate change models. Therefore they are subject to change in the future.

In line with the baseline exposure, inland flooding in Germany and UK are among the main drivers for these impacts in all scenarios, with major divergence between the scenarios. Furthermore, losses from Australian tropical cyclones are seen to rise stronger in the near-term, with impacts moderating at some point in all but RCP 8.5. Impact from US tropical cyclones in 2050 is limited, given that the additional temperature increases in the Gulf of Mexico are not expected to further materially increase hurricane activity. Additionally, Allianz's exposure in areas stronger affected by intensity increases of US tropical cyclones is already limited, which further contributes to a low impact.

Overall, the absolute impacts are limited in comparison to Allianz's total own funds. However, these estimates are naturally subject to significant uncertainty, and furthermore are focused on the best estimate impacts contingent on the chosen RCPs. Especially for NatCat risks, tail events are also expected to change in frequency and severity from current levels, with single events posing the risk to have material impacts on Allianz's balance sheet. Stochastic considerations for tail events are hence a key point of focus for future development.

The identified signals and impacts from the ACCRiS project are used to support underwriting and pricing decisions, which will mitigate the shown effects. It is expected that actions of Allianz and other insurers will also further encourage policyholders and state administrations to apply mitigation measures like the change of building materials or the adjustment of flood protection.

03.4 Strategy resilience, stress tests and climate scenario analysis

L&H underwriting stress

Based on the current assessment, there are no material climate change impacts on L&H underwriting technical provisions for the Allianz Group up to the 2050 time horizon, with maximum impacts amounting to around EUR 60 million in the most extreme scenario RCP 8.5. Mortality impacts are the main driver of losses based on the climate change hazards considered, longevity offsets most of these impacts in all scenarios except RCP 8.5. In this scenario, mortality impacts exceed longevity impacts by around 40 % in 2050 due to no offsetting of higher heat-related mortality and lower cold-related mortality in Europe (excluding Southern Europe).

Morbidity impacts exceed mortality impacts only in RCP 6.0, a scenario characterized by an offset of a more pronounced number of cold-related deaths leading to lower net impacts as compared to RCP 4.5 which has less severe global warming. In terms of regional differences morbidity impacts tend to be greater for the Asian entities considered in the assessment due to a lack of offsetting from longevity risk which was more significant in other global regions.

The current approach is approximate and needs further refinement in order to better capture the morbidity risk impact especially for Asian entities.

Outlook

We will continue to work on improving the integrated climate change stress test, e.g. adding further scenarios and scenario variables to the analysis or refining valuation approaches.

03.4.3 Bottom-up quantitative carbon stress test for investments

Here we continue the reporting of carbon price risks for our investment portfolio using a bottom-up approach, focusing on listed equity and corporate bonds. This stress-test complements top-down approaches such as the one applied for the integrated climate change stress test presented in section 03.4.2. We see merit in a model which gives us full transparency on methods and parameters, is easy to implement and gives a first understanding of the evolution of potential climate impacts on our portfolio. It also provides opportunities to cross-check external methodologies and potentially develop more elaborate models going forward.

Methods, assumptions and limitations

Our approach uses effective carbon prices as a proxy for policy intensity, e.g. actual carbon pricing, energy-related subsidies and incentives, standards for energy efficiency and emissions.

The fundamental idea is that an increase in emissions price entails a decrease in earnings at the level of individual investee companies. This decrease in earnings can be translated into a stock market value loss based on price-to-earnings multiples. The model requires assumptions, for example on cost pass-through, price elasticities and regulatory easing (either explicitly or implicitly via effective carbon prices). These are kept simple for this version of the model.

Our starting point is the carbon footprint of listed equity and corporate bonds portfolios, as disclosed in section 03.1.2 using Scopes 1 and 2 emission figures. On this foundation, we apply carbon price shocks derived from the climate scenarios published by the Network for Greening the Financial System (NGFS) in 2021.

Under these scenarios, the magnitude of carbon prices materializing over the coming years is driven by the modeled intensity of policy action and other underlying scenario assumptions.

The model assumes instantaneous change of effective carbon prices applied to the portfolio, with no mitigation actions.

To re-emphasize, this version of our assessment focuses on listed equity and corporate bonds impacts only. It does not account for factors like different physical asset bases and resulting lock-ins, cost pass-through abilities, price elasticities or regulatory relief. It also does not yet differentiate between Scopes 1 and 2 emissions and, importantly, it assumes companies do not respond to climate policy trends such as governmental net-zero strategies by lowering their carbon exposure. These factors will be incorporated in future more elaborate versions of the assessment. The impacts for corporate bonds rely on a high-level estimate of the statistical relationship between the movements of a corporate bond's spread and the respective issuer's equity market value.

03.4 Strategy resilience, stress tests and climate scenario analysis

Results

Absolute emissions are concentrated in only a few sectors. At level 2 of NACE sector classification, for the listed equity portfolio the 10 sectors with the highest absolute owned emissions contribute around 77 percent to total absolute owned emissions in the proprietary portfolio, but only 27 percent to AuM. Sector concentration is similar in the listed corporate bond portfolio where the 10 sectors with the highest absolute owned emissions contribute around 83 percent to absolute owned emissions in the proprietary portfolio, but only 32 percent to AuM.

Consistent with analyses disclosed in previous years and with the scoping of this approach, our listed equity and corporate bonds portfolios show – within the current modeling framework and its limitations – sensitivities in those sectors.

Over the 2032 time horizon, the overall sensitivity of the listed equity portfolio stays contained in the 'Below 2°C' scenario, with market value losses between 2.1 percent to 3.8 percent depending on climate-economic model. The consequences of more stringent policy reaction and faster technology change are reflected in higher sensitivities under the 1.5°C-aligned 'Net-Zero 2050' and 'Divergent Net-Zero' scenarios, where market value losses go up to 8.1 percent to 9.8 percent in the disorderly 'Divergent Net-Zero' scenario. The carbon price sensitivity in the 'Delayed transition' scenario is now more pronounced relative to the 'Below 2°C' scenario as a consequence of one more year of delayed but ambitious policy action after the 2030 onset.

In addition to high emitting sectors and issuers, duration is another main driver of the carbon price sensitivity of the listed corporate bonds portfolio. The overall sensitivity is more than two times lower as compared to listed equity, with market value losses going up to 3.0 percent to 3.5 percent under the most onerous disorderly 'Divergent Net-Zero' scenario. This is mainly owing to the limited co-movement of corporate bond spreads and equity returns observed in historical timeseries data which is used in the model to translate sensitivities for listed equity into sensitivities for listed corporate bonds.

From 2021 to 2022, the numbers decreased for all scenarios except for the 'Delayed transition' scenario for equity as our equity and corporate bonds portfolio carbon footprint reduced, see section 03.1.2, where the impact on the corporate bonds portfolio is more pronounced due to a lower average modified duration in comparison to 2021.

Looking ahead to 2050, in the absence of adaptation or mitigation actions maximum carbon price sensitivities under the 'Divergent Net-Zero' scenario could increase by around two to more than three times as compared to 2032, depending on the climate-economic model.

Being aware of the limitations of our approach, the results are still leading us to the right follow-up questions to understand how carbon price increases can affect different sectors and which parameters of individual investee companies will lead to a non-uniform development inside a given sector as not all will be affected equally. This holds especially true as major carbon emitters are often exempted from carbon pricing schemes due to carbon leakage risks.

An example for a follow-up activity from this stress test is a deep-dive analysis for the European electric utilities sector undertaken in 2022, which identified a significant impact of the market specific power price-setting mechanism on stress test impacts. As a consequence of the 'merit order effect' (power plants are given priority based on their variable cost), gains or losses of individual electric utilities upon increase of the carbon price depend on their emissions intensity (driving individual unit costs) relative to the emissions intensity of the marginal power plant (driving uniform unit revenues), i.e. the power plant with the highest running cost contributing to fulfilment of total electricity demand. This stress test extension demonstrates that, for investment purposes, also the market design (i.e. carbon price pass-through to power prices) and further factors need to be considered next to the carbon footprint.

> **Another example is the analysis of impacts of regulatory driven carbon price increases on the direct real estate portfolio in Germany included as a case study.**

03.4 Strategy resilience, stress tests and climate scenario analysis

Figure 1: Carbon price sensitivity of the Allianz listed equity portfolio for effective carbon prices projected for 2032

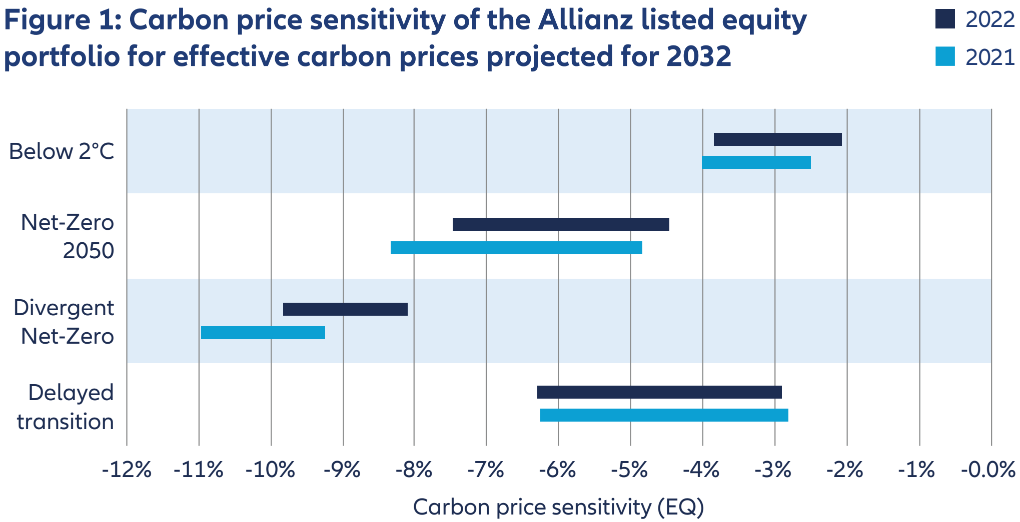
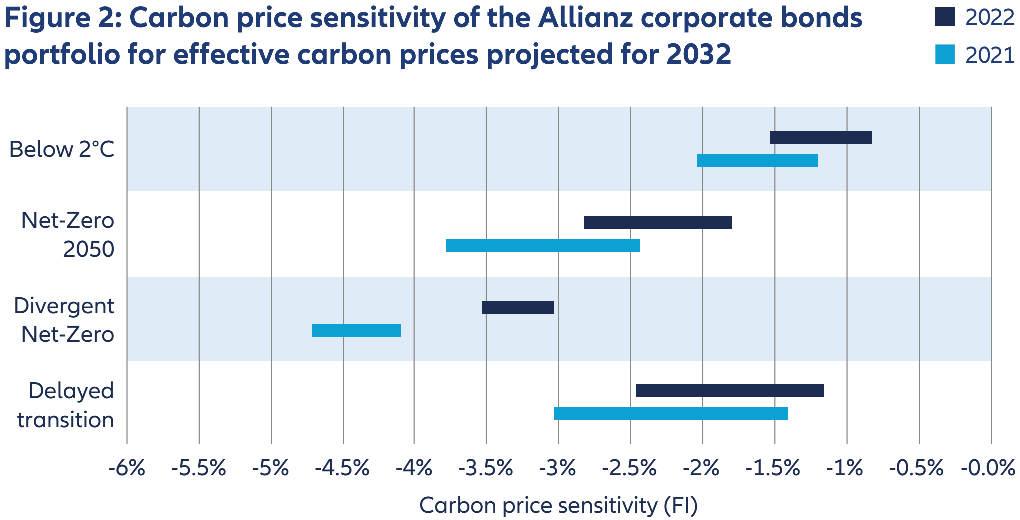


Figure 2: Carbon price sensitivity of the Allianz corporate bonds portfolio for effective carbon prices projected for 2032



Strategic response to identified carbon risks

The impacts of transition risk scenarios on investments discussed above appear to be manageable considering both the magnitude of projected losses and the time horizon over which they materialize. Moreover, the investment portfolios will not remain static. E.g., inter- and intra-sector asset allocation will be adapted dynamically to limit the identified carbon risk exposure. Effective mitigation, however, requires long-term action to align the portfolio with policy targets.

Reports like the U.N. Emission Gap Report show that the world is currently on a 2.7°C pathway meaning decisive and credible measures from all groups of actors are needed urgently. Our strategic response to carbon risks is our long-term commitment to decarbonize our investment and insurance portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5˚C above pre-industrial temperatures.

As founding member to the U.N.-convened Net-Zero (NZAOA), we have set intermediary investment portfolio targets. The work of the NZAOA is done in collaboration and with a collective ambition, bringing together global investors, leading civil society, academia, and the leadership of the U.N.

The NZAOA remains the first and only group of financial sector global players to set 2025 interim targets across four areas: sub-portfolio targets (at asset class level); sector targets; engagement targets and financing targets. The purpose of these targets is to drive decarbonization of the real economy towards 1.5°C. (see section 02.2 on investment portfolio targets). With regard to target implementation, both the top-down and bottom-up approaches for investments included in this report support our view that sector pathways such as those being developed in the Glasgow Financial Alliance for Net-Zero and assessing companies transition plans along these pathways is the way to go as we want to finance the transition and not divest from high emitting sectors.

While increasing the resilience of our portfolio against transition risks over the short- to mid-term to some extent, our decarbonization strategy also contributes to limiting physical risks, which may materialize in our portfolio over the long-term.

03.4 Strategy resilience, stress tests and climate scenario analysis

Case study: Analysis of carbon price impacts on the German buildings sector

Since 2021, Germany is phasing in a national emissions trading system for the heating and transport sectors, complementing the European emissions trading system applicable to the energy sector, energy-intensive industry and air traffic within Europe. This also affects the buildings sector, putting a price on emissions from heating.

Fixed prices for emissions certificates are set by the government in the initial phase, and will gradually increase from EUR 25 per ton of CO_2 in 2021 to EUR 55 per ton of CO_2 in 2025.[1] In 2026, emissions certificates will be sold by auction within a corridor of EUR 55 per ton of CO_2 to EUR 65 per ton of CO_2, marking the transition to a cap-and-trade system where emissions prices are set by supply and demand. In 2022, a price of EUR 30 per ton of CO_2 has been set.

New draft regulation for the buildings sector in Germany foresees that CO_2 costs related to heating shall be shared between tenants and landlords. For residential assets, CO_2 cost sharing will be based on carbon intensity classes, deriving from actual heating-related energy consumption. For non-residential assets, CO_2 cost will be evenly shared by tenants and landlords, unless otherwise contractually prescribed.

Allianz Real Estate used the background of this draft regulation to analyze potential impacts on the direct held real estate portfolio in Germany assuming different carbon price scenarios including an extreme carbon price scenario. The already limited impact will be further reduced due to ongoing decarbonization efforts such as energy efficiency improvements and phasing out of fossil fuel-based heating systems.

03.4.4 Bottom-up quantitative physical risk analysis for investments

Methods, assumptions and limitations

Allianz strives to cover all physical assets in the investment portfolio in which we own an equity share of over 20 % with the ACCRiS method. This approach translates into an assessment of physical climate change risk for real estate assets, renewables (wind and solar parks) and infrastructure. Portfolio coverage currently stands at 81 % for real estate, 100 % for renewables and 52 % for infrastructure. For the majority of the Allianz investment portfolio the ownership in a corporation is less than 20 %.

An estimation of the impacts of climate change for inland flood and tropical cyclone, including identification of risk clusters, under the RCP 2.6, 4.5, 6.0 and RCP 8.5 scenarios in 2030 and 2050 was made for each individual real estate assets, wind park and photovoltaic solar plant. For some infrastructure investments owning lower risk subterranean assets such as fiber networks, a qualitative approach was performed which focused on for example, insurance coverage with regards to natural catastrophes or business interruption. In comparison to the standard approach taken for single location assets, such as real estate and renewables, different approaches which reflect the specificity of infrastructure investments were considered when determining the relative impact value on the business.

Results

The analysis for inland flood found that most real estate properties are at very low risk, i.e. 65 % of all real estate investments, under the baseline and future climate scenarios for the different time horizons. There exists a clear trend that inland flood risk will increase with higher emissions scenarios for those investments most at risk of inland flooding. Locations in Western Europe, especially in France, were identified as risk drivers as there is a noticeable difference in baseline frequency of flooding compared to 2030/2050.

The real estate analysis for tropical cyclone discovered that the majority of the proprietary investments are exposed to only very low risk, i.e. 84 %. In general, climate change is expected to amplify the tail risk due to an increase in the frequency of high-intensity tropical cyclones. Regions with historically low risk will see a higher frequency of tropical cyclones (northern US Atlantic coast and southern Australian east coast). While the difference between emissions scenarios is low in the short-term up to 2030, opposing influences and limitations in the ability of climate models to simulate tropical cyclones makes projections in the second half of the century increasingly uncertain.

1 The initially planned price increase for 2023 has been suspended due to the impacts of the Ukraine war on energy prices.

03.4 Strategy resilience, stress tests and climate scenario analysis

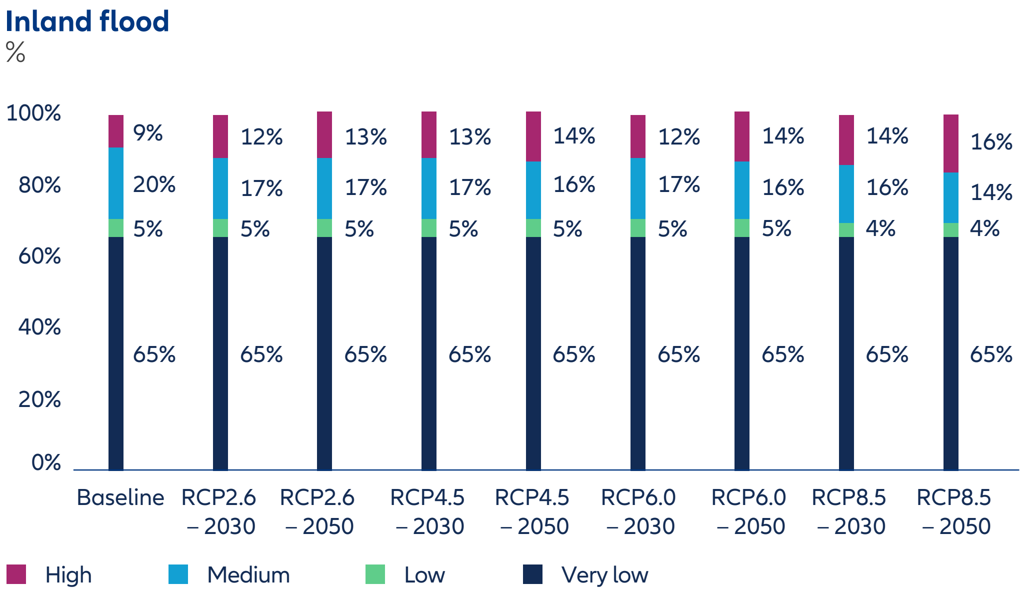
Analogously to the outcome for real estate investments, the majority of renewables are found to be at very low risk for inland flood under the baseline scenario. The increasing inland flood risk for higher emissions scenarios is mainly driven by locations in Europe, especially Germany. All wind and solar parks in Europe have a very low risk for tropical cyclone risk in the baseline scenario which remains stable over future years and scenarios. This is due to the fact that these locations are not inside of the tropical cyclone sensitive area. The renewable investments in the US however, show in the baseline scenario a low risk and a slightly decreasing trend of tropical cyclone risk in the future scenarios and years.

Outlook

The outcome of the ACCRiS analysis for investments enables informed investment decision making processes, optimizes future portfolio allocations accounting for climate change and allows for identification of asset locations where adaptation measures should be evaluated to ensure minimal impacts of future climate related natural catastrophes. Our next steps will be to work on direct (not via fund structures) debt which finances physical assets, e.g. mortgages, infrastructure debt and debt financing of renewables.

Table 2

Distribution (in % Market Value) of risk categories for inland flood under different scenarios and years for real estate direct investments



03.5 TCFD requirements mapping

TCFD recommendation	Respective SR22 section
1a) **Governance** board oversight	05.4
1b) **Governance** management oversight	05.4
2a) **Strategy** climate risks and opportunities identified over short/mid/long time horizon	03.1.3 and 03.4
2b) **Strategy** impact of climate risks and opportunities on business, strategy and financial planning	03.2
2c) **Strategy** Resilience of strategy under climate scenarios	03.4
3a) **Risk management** Processes for identifying and assessing climate risks	05.4
3b) **Risk management** Processes for managing climate risks	05.4
3c) **Risk management** How are these processes integrated in overall risk management	05.4
4a) **Metrics & Targets** Metrics used to assess climate risks & opportunities	03.4
4b) **Metrics & Targets** Carbon footprint scope 1+2+3	03.1.2
4c) **Metrics & Targets** Targets used to manage climate R&O's and performance against targets	03.3

04 Strengthening our foundation

In this chapter, we discuss further approaches to integrate sustainability in the way we run our business in an ethical and responsible manner, and how we interact with stakeholders on topics that are important to them, as determined in our materiality assessment.

04.1 Cybersecurity

We continuously adapt our approach to manage cyber risk for our company and customers through targeted insurance solutions and knowledge-sharing.

04.1.1 Information security

Information Security is the application of technologies, processes and controls to protect systems, networks, programs, devices and data from unauthorized access and against cyberattacks, as well as meeting related regulatory requirements and raising employee awareness about these matters.

Our dedicated Information Security function aims to ensure the confidentiality, availability and integrity of information across Allianz Group. As a core business discipline, information security is managed globally through a robust and mature governance framework aligned with international standard ISO 27001.

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

The Allianz Information Security governance framework comprises multiple layers of corporate rules and processes. An overall policy establishes core principles, roles and responsibilities and the organizational framework for Information Technology and Information Security within Allianz Group. More detailed functional rules provide further details and specific implementation guidelines for operating entities.

The functional rules are complemented by detailed descriptions of best practices to be followed across 14 defined topics to ensure the 'security by design' principle. Information Security is regularly audited, both internally and externally, and regular training is provided through dedicated exercises across all layers of the organization.

Managing cyber risk in our business

Cyber risk is assessed and tracked as one of the top risks faced by Allianz. It is closely managed along key risk indicators covering security maturity, risk exposure and security operations across the Allianz Group, following the defined cyber risk management strategy.

Performance against these indicators is discussed, reviewed and reported quarterly to the Board of Management and Supervisory Board. Monitoring cyber incidents and measures to prevent them is implemented at a global level and supplemented locally where required, together with the local Chief Information Security Officers (CISOs) that exist in all Allianz operating entities.

Actions to improve security controls are continuously evaluated and developed with priorities assigned on a global, risk-based view that is informed by the current and expected threat landscape. Actions to achieve our cyber risk targets focus on five key risk areas: reducing the likelihood of incidents; increasing detection likelihood; reducing damage from incidents; streamlining compliance; and training/educating the organization to further improve security awareness.

All employees are required to participate in cyber-awareness training at least quarterly. These include activities like simulated phishing e-mails, awareness campaigns or regularly offered dedicated Information Security trainings.

We also participate in industry and global/regional initiatives to support the security of the overall internet ecosystem.

04.1.2 Data privacy

The Allianz's privacy strategy and framework enable our businesses to maintain the trust and confidence of customers, employees and other stakeholders in our handling of personal data.

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

We are committed to the highest standards of data protection and privacy compliance by handling personal data responsibly, transparently, with due care and in a fair and lawful manner. We use it only for specified and legitimate purposes and only keep it for as long as is needed. We never share it with anyone who is not authorized to access it.

We strive to communicate honestly and openly about actions that involve the personal data we process. We integrate data protection into the design of our products (privacy by design) and take appropriate steps to protect personal data and keep it secure.

We also cooperate closely with other stakeholders involved in the updating and modernization of European privacy legislation including industry associations, members of parliament and authorities.

04.1 Cybersecurity

Our 2022 focus was on further automating data privacy within our organization, enhancing the Privacy Monitoring and Assurance Program (PMAP) and continuing to embed privacy through our network of the privacy champions.

Key actions in 2022 included:

- Annual reviews implemented to ensure Record of Processing Activities (RoPA) and Privacy Impact Assessments (PIAs) are accurate and kept up-to-date.
- To increase the automation and efficiency of processes, 90 percent of operating entities are now onboarded to the privacy management platform and we increased the number of privacy reviews by 14 percent compared with 2021.
- More than 2,000 privacy champions have been appointed across Allianz as the first line of defense. Privacy Champions act as the communications channel between the business functions and data privacy and support the business function with privacy related topics and data protection compliance. They undergo regular training and have a deep understanding of their functional area and use of personal data by their function.

Strengthening our global privacy framework

The Allianz Privacy Standard (APS) is our global standard for data privacy and the foundation of our the Allianz Privacy Framework.

The APS is the highest policy document in the Allianz Privacy Framework. It defines rules and principles for collecting and processing personal data.

The standard sets out ten privacy principles that all employees must respect wherever they are in the world:

1. Due care.
2. Data quality (purpose limitation, data minimization and storage limitation).
3. Lawful basis (personal data is only processed if we have a lawful basis to do so).
4. Transparency and openness towards employees and customers on where personal data is stored and used.
5. Relationships with data processors (ensure organizations that process personal data on our behalf adhere to our privacy requirements).
6. Personal data is adequately protected when it is transferred.
7. Security and confidentiality (appropriate technical and organizational security safeguards are in place to protect personal data).
8. Personal data breaches are reported in a timely manner.
9. Privacy by design and default.
10. Cooperation with data protection authorities.

In addition to the APS, our data protection authority has approved our Binding Corporate Rules (BCRs).

These BCRs allow Allianz Group companies to lawfully transfer personal data from within the European Economic Area to other jurisdictions, where it is required for business purposes.

We also publish a privacy notice which explains who we are, how we collect, share and use personal data, and how individuals can exercise their privacy rights.

Our group-wide privacy program continues to mature as we aim to provide services digitally through our Digital by Default approach.

The program includes embedding robust privacy controls – such as PIAs and data ethics assessments – monitoring activities by creating a privacy-focused culture and the Allianz Digital Privacy Guidelines.

This builds on the Allianz Privacy Framework which provides:

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

In committing to the highest standards of data protection, we believe the maintenance of a state-of-the-art privacy program needs to be supported by diligent and continuous monitoring and assurance activities.

We monitor privacy governance activities and processes across our operating entities through a process which includes site visits, reviews of program documents, interviews and expert challenge calls.

04.1 Cybersecurity

Through privacy reviews, every operating entity, global line and regional office is required to undergo a rigorous examination of the design, implementation and effectiveness of their local privacy program and related process and controls. Frequency of these reviews is determined based on risk but are undertaken no less than once every five years.

As of the end of 2022, we have conducted 16 privacy reviews including a joint review with Information Security. For comparison, 14 and 11 reviews were undertaken in 2021 and 2020 respectively.

Privacy deficiencies and audit findings are tracked in a global database and, if necessary, escalated to top management to ensure timely remediation.

Privacy risk management

We identify and manage privacy risks at the operational process level to ensure they are measured, monitored and mitigated across our core businesses.

PIAs of processes that use personal data – such as customer health data and employee data – enable the early identification of risks and ensure they are managed appropriately.

We are also committed to ensuring that adequate and effective controls are in place to address data privacy risks associated with the processing of personal data by external suppliers on behalf of Allianz.

Following the Data Protection Commissioner v. Facebook Ireland Limited, Maximillian Schrems ('Schrems II') decision, we have undertaken case-by-case Transfer Impact Assessments (TIAs) for processes that transfer personal data from the European Economic Area (EEA) to suppliers in third countries.

In 2022, we designed a TIAs template in our privacy management platform. The TIAs template will be rolled out to all our operating entities in the EEA to ensure such assessments are conducted in a consistent, semi-automated way. This does not replace existing compliance requirements under the APS to conduct PIAs. Rather, the TIAs template is a tool to supplement existing data privacy compliance efforts and help operating entities ensure an adequate level of data protection is maintained when personal data is transferred.

Employee training

Our employees play a critical role in upholding our commitment to protect personal data.

To ensure they have the knowledge to properly use and safeguard personal data, we continue to develop our robust privacy training program. This includes annual online trainings and awareness activities for all employees, as well as tailored trainings for employees with privacy management responsibilities and for our Privacy Champions.

All employees are required to complete annual privacy training which covers the Allianz Privacy Framework requirements in detail and ensures a solid foundational understanding of core privacy concepts and the proper handling of personal data.

Ongoing awareness activities (panels and events) and communication campaigns (bi-monthly newsletter, intranet videos and articles) provide guidance on ad hoc topics like how to securely work and be privacy compliant in a hybrid environment.

For Privacy Experts, five-day Privacy Expert Training is focused on providing Data Protection Professionals and Data Protection Officers with the practical knowledge to effectively conduct their day-to-day activities.

For Privacy Champions, two-day Privacy Champion Training is focused on the practical knowledge and exercises of the Privacy Champion role to ensure data protection compliance within the business.

04.1.3 Data ethics

Our aim is to maintain stakeholder trust and position Allianz as a leader in conducting data-driven business in a trustworthy and ethical manner. This includes elevating data ethics and selected data and analytics-related topics in the governance and decision-making processes of Allianz Group.

We strive for a responsible use of Artificial Intelligence (AI) in our business activities based on a strong AI Governance framework. This includes ensuring a human centric approach in our usage of AI systems.

Ensuring compliance with current and upcoming regulations and embedding best practices in anticipation of regulatory change are also high priorities in fulfilling our data ethics commitments.

At EU level, relevant legislation includes the GPDR and the upcoming AI Act which could significantly broaden the scope of regulation. Working in a cross-functional manner – especially between Group Privacy and Group Data Analytics – to ensure compliant, technically feasible implementation of regulatory requirements enables both Privacy and Ethics by Design.

04.1 Cybersecurity

Likewise, we aim to communicate effectively on data ethics topics, especially our Allianz AI Governance approach, and how Allianz safeguards customers' rights and interests.

Our actions in 2022

Following its establishment in 2021, the Data Advisory Board (DAB) has continued work to elevate and integrate data ethics into governance and decision-making, as well as supporting both the positioning of Allianz as a leading insurer and investor in the data ethics space and wider sustainability efforts.

The DAB supported EU Operating Entities which are members of the Renewal Agenda Committee in their roll out of the Practical Guidance for AI by end of 2022, to carry out the following measures:

- Privacy and Ethics Impact Assessments to identify and address AI-specific risk through the determination of the appropriate level of human involvement.
- Provision of dedicated training led by Group Privacy and Group Data Analytics for relevant employees who develop and/or use AI in applicable operating entities.
- Structured processes to be followed, from a self-assessment questionnaire to interviews with operating entities, to identify where existing practices should be aligned with the Practical Guidance for AI.
- Dedicated follow-up workshops to support the implementation of recommendations provided by Group Privacy and Group Data Analytics.
- Monitoring of implementation through the filing of status reports from Q3 2022 onwards.

With these measures, data scientists, business and control functions dealing with AI solutions are supported to embed 'Ethics by Design' in our organization and to oversee AI-related challenges and risks.

Allianz values data as a key asset and strives to position itself as a leading player in leveraging data in the most compliant and ethical way, both as an insurer and investor. Our activities in the areas of Data Ethics and AI, respond to increasing regulatory initiatives and public debate on related topics to strengthen the internal governance framework for AI and position Allianz in the regulatory field.

04.1.4 Cyber risk

The Allianz Risk Barometer[1] 2022 now ranks cyber risk as a major risk faced by companies, with even more respondents globally highlighting it as a top risk compared to 2021. We are constantly evolving our solutions to enable more customers to manage the risks.

Managing cyber risk for our customers

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

Developing new insurance solutions to manage cyber risks

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

Over the past three years, we have reviewed and changed (where applicable) cyber risk exposure coverage across P&C policies spanning commercial, corporate and specialty insurance segments.

This is never a 'set and forget' process and we are always looking to improve our approach. The cyber underwriting strategy, which has been implemented to address exposures to cyber risks, is reviewed at least annually, and we continue our efforts to ensure relevant policies are updated and clarified in response to cyber risks.

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

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

1 Source: Allianz Risk Barometer.

04.2 Regulatory and public affairs

Guiding principles of our regulatory work

We base our regulatory work on four guiding principles:

Embracing regulation	Shared effort	Good input, better regulation	Best results for all
We realize the benefits of building our business with security, and acknowledge the opportunity cost of bad regulation.	Good regulation requires shared effort by all those involved in designing, implementing and evaluating policy within a structured and open process.	Good regulation is about delivering benefits for all stakeholders like citizens, businesses and society.	We provide industry knowledge and real-world data that support solution finding.

As a financial services company, we operate in a highly regulated environment. It is crucial that we stay up to date with changes in the regulatory and political landscape and to help shape effective regulation by contributing our knowledge and expertise.

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

To keep abreast of regulatory changes, GRPA maintains a sound fact base of potential policy actions and likely outcomes.

It advises management to ensure that the impacts of regulatory and political developments are accounted for in the Group's strategy and business activities.

It also supports local Allianz companies with regard to regulatory and political strategy, such as the interpretation and handling of upcoming EU regulations, and by sharing best practices and coordinating regulatory and political topics within the Group.

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

Our engagements in 2022

Our engagements with regulators and policymakers in 2022 included the following topics:

Sustainable finance regulation: environmental and social taxonomy; international sustainability reporting standards; corporate sustainability due diligence; sustainability disclosure; customer's sustainability preferences in Insurance Distribution Directive suitability assessment; digitalization of sustainability data.

Supporting public-private cooperation: promoting blended finance; financing the green and digital transitions; facilitating collaboration to achieving the U.N. SDGs.

Prudential regulation: Solvency II review; Recovery and Resolution directive; IFRS 17.

Digital regulation: Artificial Intelligence Act, Artificial Intelligence Liability Framework; Data Access and Use (including access to in-vehicle data); European Data Spaces (including European Health Data Space and upcoming Open Finance Framework); cyber resilience (including European Cloud Services Scheme).

Conduct regulation: Retail Investment Strategy; Value for Money methodology; Packaged Retail and Insurance-based Investment Product Review.

04.3 Compliance

Table COM-1

Compliance Data – Anti-Corruption[1]

As of December 31	2022	2021	2020
Number of incidents of corruption confirmed[2]	0	0	n/a

Table COM-2

Anti-corruption Training Completion Ratio[3]

As of December 31		2022	2021	2020
Employee				
Germany	%	92.1	n/a	n/a
Eastern Europe	%	96.4	n/a	n/a
Rest of Western Europe	%	77.3	n/a	n/a
Middle East and Africa	%	85.2	n/a	n/a
North America	%	98.9	n/a	n/a
South America	%	91.5	n/a	n/a
Asia Pacific	%	82.3	n/a	n/a
Board Member				
Germany	%	88.2	n/a	n/a
Eastern Europe	%	96.2	n/a	n/a
Rest of Western Europe	%	83.1	n/a	n/a
Middle East and Africa	%	90.0	n/a	n/a
North America	%	100.0	n/a	n/a
South America	%	95.6	n/a	n/a
Asia Pacific	%	99.5	n/a	n/a

1 Data disclosed since 2021.

2 The KPI in line with WEF requirements includes the number of material violations of corruption laws or corresponding official proceedings reported to Group which would have been required to be disclosed to Allianz Group's Audit Committee.

3 The reported ratios are calculated from data delivered from Allianz Operating entities. This is the first time that Allianz reports this ratios. The data includes also trainings roll-out close to the year end 2022 even though attendance may not occur until the following year.

84 %

Completion ratio of Anti-Corruption Training for employees

The completion ratio of Anti-Corruption Training in line with World Economic Forum (WEF) requirements is calculated as the number of employees/ board members of Allianz Group companies that completed the training versus the number of enrolled employees/ board members in the fiscal year 2022. The KPI is calculated per region as defined by Allianz.

92 %

Completion ratio of Anti-Corruption Training for board members

0

Number of Anti-Corruption cases

The KPI in line with WEF requirements includes the number of material violations of corruption laws or corresponding official proceedings reported to Group which would have been required to be disclosed to Allianz Group's Audit Committee.

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

Compliance mission

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

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

04.3 Compliance

Allianz Group Code of Conduct

The Allianz Group Code of Conduct (CoC) is at the core of our corporate culture. It outlines the basic principles and values that guide the everyday decisions and conduct of all employees.

Every Allianz new joiner is informed of their obligation to adhere to the CoC during their welcome presentation.

As part of a project led by Group Compliance, the CoC was fundamentally renewed in 2020 and approved by the Board of Management. The new CoC was then rolled out across the Group along with training for operating entities to raise awareness of the key principles, namely mutual respect, integrity, transparency and responsibility.

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

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

For further information about our commitment to human rights, see section 05.5.

Read the Allianz Group Code of Conduct.

Zero tolerance of fraud and corruption

Our target is zero fraud and corruption across our business and our principle is zero tolerance towards fraud and corruption.

We consider fraud and corruption as serious offences. The aforementioned principle is of absolute and primary importance. It applies regardless of whether Allianz itself or any other internal party (such as an employee, tied agent, intermediary and/or any third parties acting on behalf of Allianz) benefits from the fraud. Allianz does not tolerate bribery, and corruption.

This principle expresses Allianz's stance towards the abuse of a position of power for an improper personal advantage (corruption) or when a corrupt offer, solicitation or promise is made to obtain an improper personal or business advantage (bribery).

Employees are strictly prohibited from directly or indirectly offering, requesting, accepting, providing, paying, soliciting, promising, authorizing or receiving 'Anything of Value' (defined broadly to include anything – monetary or non-monetary – that provides a benefit of any kind) to or from any Public Official or anyone in the private sector, in order to obtain or retain business or an improper personal or business advantage.

Anti-corruption training must be provided at least once every three years to all employees.

Anti-money laundering

We follow international standards and applicable laws related to money laundering and terrorism financing.

Allianz regularly assesses the obligations of all operating entities under applicable Anti-Money Laundering (AML) laws. Each entity in the Group is required to determine and document whether any of their legal entities and/or branches is an AML-Obliged Entity (i.e., an entity subject to local AML law) under applicable local law.

Each relevant entity must define a reasonable AML Program Framework that describes the AML Program, documents and describes the processes, procedures and controls that constitute the AML-Obliged Entity's methods to execute the Internal Safeguards as outlined in the Allianz Standard for the Prevention of Financial Crime and Functional Rule.

At a minimum the AML Framework Program usually include rules regarding:

- Scope of application of AML law;
- The AML risk assessment;
- Customer due diligence and transaction monitoring;
- Reporting requirements for suspicious activity;
- Communication, training and awareness;
- Record retention and protection of personal data;
- Reliability screening of employees;
- Ensuring continued effectiveness of the AML Program;
- Ensuring appropriate measures to prevent the abuse of new products and technologies;
- Information sharing (group-wide if applicable);
- Management information (MI); and
- Responsibilities and organizational obligations.

04.3 Compliance

Respecting economic sanctions and embargoes

Allianz is strongly committed to conducting business in full compliance and accordance with all applicable Economic Sanctions.

This means taking all reasonable steps to identify and mitigate the sanctions risks relevant in the business, including risks arising under local law as well as under foreign law (such as in certain cross-border transactions or in cases where extra-territorial sanctions laws are relevant due to links to that foreign jurisdiction or for other reasons).

Any ambiguity regarding economic sanctions risk or the applicability of sanctions laws should be addressed with regard to the intention of the relevant sanctions regime.

Allianz identifies and addresses financial sanctions risks by using financial sanctions screening tools. All operating entities must, at a minimum, use the sanctions lists issued by the European Union, United Nations, the US Office of Foreign Assets Control, the US Bureau of International Security and Non-Proliferation, the US Department of State, the US Treasury and the United Kingdom's HM Treasury, in addition to all other locally and regionally applicable lists.

Allianz maintains appropriate, risk-based processes for the identification, mitigation and management of the Trade Sanctions risk posed by specific transactions. Allianz respects the Trade Sanctions restrictions imposed under the laws applicable to the businesses. Trade Sanctions review processes include identifying, analyzing and taking appropriate actions in respect of any payments or transactions (including contractual arrangements, financial services or any types of insurance business, amendments, extensions, or renewals) that are related to a Sanctioned Country.

Fair competition

We believe fair competition and access to the market drives innovation, stimulates growth and benefits the consumer.

As a global player and a leading provider in our sector, we have a responsibility to act in compliance with competition law.

To meet this responsibility, the global Allianz Antitrust Program consists of the Allianz Antitrust Standard and the Antitrust Code.

The Standard lays out core principles and measures to be adopted across the Group to ensure compliance with antitrust law. The Code provides a set of core behavioral rules that employees must observe when dealing with competitors, customers and business partners.

As in previous years, we provided regular classroom and online training in 2022 to top management and exposed employees to refresh and develop their understanding of antitrust rules and how they affect their daily business.

Questions and feedback received on the application of training content, including in the context of sustainability initiatives, show the positive impact and efficacy of the training.

Voicing concerns

Allianz offers employees multiple channels for raising concerns. Employees are encouraged to report breaches and misconduct. They are given information on where and how to do so. These include via management, speaking directly with Group Compliance, by e-mail, and anonymously via a third-party solution provided by Business Keeper GmbH and accessible via the intranet.

The same tool is also accessible to external parties via Allianz.com. Some operating entities provide employees with the option to report via an ombudsman.

All reported incidents are assessed, documented and managed according to internal guidelines and confidentiality is strictly adhered to.

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

Our actions in 2022

In 2022, the Compliance Function continued to evolve the way it assesses Group and local Compliance Departments.

In the past, the focus was primarily on local implementation of global programs (e.g., Sanctions, Anti-Fraud, Anti-Corruption, Anti-Money Laundering, etc.) to ascertain the Compliance Culture of operating entities. Review procedures have been expanded to confirm adequate compliance scope, ensure adequate skills to fulfill scope coverage and confirm compliance with global programs in addition to local specificities.

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

04.3 Compliance

This holistic approach was initiated in 2021 through the Compliance Assurance of Risks and Effectiveness (CARE) program.

While CARE is primarily a self-assessment exercise, it is reinforced with compliance reviews of operating entities, completed and coordinated by Group Compliance. Compliance reviews are completed on a risk-based, five-yearly cycle. From 2023, this review cycle will be reduced to a three-yearly cycle.

The program is aligned to the CARE program so that operating entities are encouraged to exercise more rigor in the assessment of control effectiveness against the background of anticipated confirmation activities.

Group Compliance is itself subject to external, independent evaluation by one of the four largest accounting firms. It is evaluated based upon CARE elaborated criteria which have been certified as being compliant with regulations which define requirements for compliance organizations.

Compliance Reviews are supplemented by Targeted Reviews. These assess the implementation status and effectiveness of individual programs such as Anti-Trust, Sales Compliance, etc.

The benefit of this multi-faceted review and confirmation strategy is that operating entities are monitored more frequently and are engaged in more holistic assurance activities. Additionally, frequent interactions with operating entities provide additional opportunities to monitor, guide and, if necessary, enforce remedial activities. An additional benefit is the ability to learn from local and group best practices, further bolstering our overall Compliance Culture.

An online tool for compliance issues management provides an overview of issues detected in the course of the above activities. It requires reporting on mitigating activities as well as on follow-up procedures, including a review of actions undertaken and documented in the tool.

04.4 Tax transparency

€ 19.5 bn

Total Tax Contribution in 2022

Our ambition is to support the fairness, transparency and balance of all tax systems at national and international levels in dialogue with key stakeholders and to transparently communicate tax positions.

04.4.1 Our tax strategy

The taxes we pay are an important part of our contribution to the economic and sustainable development of the countries in which we operate. Fair, effective and stable tax systems are beneficial for governments, companies and the wider society.

Our tax strategy is closely aligned to our business strategy and our sustainability strategy. It supports U.N. SDG 16, Peace, justice and strong institutions and SDG 17, Partnerships for the goals.

Guided by our Sustainability Strategy, we embed environmental (E), social (S) and governance (G) aspects in all our business and corporate citizenship activities. Responsible tax is a fundamental aspect of this.

Our Code of Conduct sets out our values and principles and guides our behavior, including our tax strategy which requires full compliance with tax regulations and tax laws in all countries in which we operate.

Our tax strategy has been approved by the Board of Management of Allianz SE as the ultimate decision taking body and is reviewed on an annual basis.

It comprises the following fundamental objectives:

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

Based on our tax strategy, Allianz is committed to acting transparently and responsibly in all tax matters and to working closely with the tax authorities to ensure we pay our fair share of taxes. Our processes and internal governance are implemented in line with our tax strategy to ensure full compliance in every jurisdiction where we operate.

04.4.2 Promoting tax transparency

Our strong commitment to transparency is reflected in the publication of our Tax Transparency Report.[1] This provides insight into our approach to taxation in line with our tax strategy, including key elements and principles that have an impact on decision making and compliance aspects regarding taxes. It discloses our total tax contribution as well as taxes paid in detail for the 10 countries most contributing to the Group's total tax contribution and an overview of expanded country-by-country data.

You can find further information on income tax charge per country in our Tax Transparency Report 2022.

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

As a member of the B Team – a coalition of business and civil society leaders advocating sustainable business practices – Allianz promotes the B Team Responsible Tax Principles.[2] These provide a common framework of core principles and practical commitments for companies to demonstrate responsibility and sustainability in their tax approach.

We aim to provide transparency of our approach to tax and we encourage and support others to do the same. To facilitate the debate with relevant data, Allianz contributes to several studies relating to tax transparency (e.g. benchmarking studies).

1 The Allianz Tax Transparency Report 2022 contains disclosures related to GRI 207.
2 Find more details about the B Team Responsible Tax Principles here.

05 Our universal principles

This chapter gives an overview of the foundational principles of our approach to reporting and sustainability ratings. We discuss how we identify topics that are material to our business and our stakeholders and embed sustainability in our governance. We also provide an overview of our intended impact on the U.N. Sustainable Development Goals (SDGs).

05.1 Target and objective tables

05.1.1 Target and achievement tables

Sustainability in our organization and business activities

Targets and achievements: Climate Change Strategy

Topic	Board targets 2022	Achievements 2022	Targets 2023	Targets and commitments 2024 and beyond	Reference
Decarbonizing our Proprietary Investments	Establish a quantitative roadmap to reach minus 25% GHG emissions (absolute reduction on public equity and listed corporate debt by 2024 vs 2019)	All portfolio decarbonization levers are fully on track, with -25% GHG emissions by 2024 year-end target achieved already. On top of the target, AIM SE has actively shaped various sustainability-related topics, internally and externally, during 2022, leading and shaping ambition of the Allianz Group. -35%[1] emission reduction (baseline 2019).	Follow through on net-zero ambition, in particular in line with our Net Zero Alliances commitments.	As an intermediary target, we aim to reduce our emissions in listed equities and tradeable corporate bonds by 25% by year-end 2024, compared to the 2019 baseline. The fully owned real estate portfolio will be in line with scientifically based 1.5-degree pathways by year-end 2024. We also set emission reduction and engagement targets for our infrastructure portfolio in line with 1.5-degree pathways.	For further insights into our decarbonizing of our Proprietary Investments, please refer to section 02.2.2. Also refer to our Non-Financial Statement, section Environmental matters, p. 60–64.

Targets and achievements: employee matters

Topic	Board targets 2022	Achievements 2022	Targets 2023	Targets and commitments 2024 and beyond	Reference
Inclusive Meritocracy Index (IMIX)	75% plus	79% (2021: 78%)	75% plus	75% plus	For further insights into our inclusive meritocracy, please refer to section 02.4 and HR-12. Also refer to our Non-Financial Statement, section Employee matters, p. 73.

1 The original 2019 baseline figure got limited assurance. Due to a methodology change, the baseline figure was restated. The restated figure was not audited. The 2022 carbon footprint figure has reasonable assurance level.

05.1.1 Target and achievement tables

Sustainability in our organization and business activities continued

Targets and achievements: responsible consumer / sales

Topic	Board targets 2022	Achievements 2022	Targets 2023	Targets and commitments 2024 and beyond	Reference
Global NPS performance[1]	Digital NPS tracking.	Achieved 58% Loyalty Leaders.	Our ambition for 2023 is to continue working on the Allianz customer experience so we improve our global Loyalty Leaders performance and meet the 2024 digital NPS targets.	Our Group ambition is to reach 50% Loyalty Leaders by 2024.	For further insights into our global customer satisfaction, please refer to section 02.5 and table CS-1. Also refer to our Non-Financial Statement, section Responsible consumer/ sales, p. 66.

05.1.1 Target and achievement tables

Sustainability in our organization and business activities continued

Targets and achievements: environmental management of our operations

Topic	Board targets 2022	Achievements 2022	Targets 2023	Targets and commitments 2024 and beyond	Reference
GHG emissions per employee[1]	Reduce GHG emissions by 50% per employee by 2025, against a 2019 baseline.	• Our carbon footprint per employee was 1.0 tons (2021: 0.9). This represents a 57% reduction (2021: 60%), against a 2019 baseline. • This reduction was mainly the result of increasing the share of renewable power in our energy mix, delivering a structured approach to energy management, and reduced business travel resulting from COVID-19.	We expect in 2023 emissions on a comparable level to 2022 with some post COVID-19 corrections.	• Reduce GHG emissions by 50% per employee by 2025, against a 2019 baseline. • Achieve the net-zero target by 2030.	For further insights into our GHG emissions, please refer to section 02.6 and table ENV-2. Also refer to our Non-Financial Statement, section Environmental matters, p. 64.
Renewable electricity	Source 100% renewable electricity for our operations by 2023.	The share of renewable electricity in total electricity used was 89% (2021: 77%). This was mainly achieved through a combination of strategic discussions with suppliers on'green tariffs', expanding the use of on-site renewable technologies and the use of 'unbundled'[2] renewable Energy Attribute Certificates.	Source 100% renewable electricity for our operations by 2023.	Maintain 100% renewable electricity for our operations.	For further insights into our renewable electricity, please refer to section 02.6 and table ENV-5. Also refer to our Non-Financial Statement, section Environmental matters, p. 64.

1 The data is based on meter readings or invoice amounts (where available), and entities' own estimations. Wherever the necessary data cannot be determined in this way and with reasonable effort, it is extrapolated – either for entire entities or for part(s) of them – based on the relevant headcount.

2 In locations where no direct renewable energy solution is available, we partly purchase Energy Attribute Certificates (EACs) issued to renewable electricity generators operating within the same market boundary as the claimant.

05.1.1 Target and achievement tables

Our universal principles

Targets and achievements:

Rating	Board targets 2022	Achievements 2022	Targets 2023	Targets and commitments 2024 and beyond	Reference
Board target					
DJSI/S&P Global CSA[1]	Top 5	3rd (2021: 1st)	Top 5	Top 5	For further insights into our sustainability ratings and performance, please refer to section 05.2.
MSCI[2]	AA – AAA	AA (2021: AAA)	AA – AAA	AA – AAA	
Sustainalytics[3]	Top 5 at diversified insurance sub-industry	#4 diversified insurance sub-industry level (2021: #7)	n/a[4]	n/a[4]	

1 Top 5 of assessed companies, which are DJSI-eligible at industry level; 3rd highest score among the insurance industry with 89/100 – (score date 9 Dec 2022); 2022 achievement as per results of 31 Dec 2022.

2 The use by Allianz of any MSCI ESG research LLC or its affiliates ('MSCI') data, and the use of MSCI logos, trademarks, service marks or index names herein, does not constitute a sponsorship, endorsement, recommendation, or promotion of Allianz by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided as-is and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

3 Copyright ©2022 Sustainalytics. All rights reserved. This section contains information developed by Sustainalytics. Such information and data are proprietary of Sustainalytics and/or its third-party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available. Their use is subject to conditions available . Their use is subject to conditions available on the Sustainalytics website.

4 Following a review, this rating is out of scope of BoM target after 2022.

05.1.2 Objective and action tables

Sustainability in our business activities

Objectives and actions:

Topic	Objectives	Progress and actions 2022	Reference
Emerging consumers	We aim to continue our expansion in Africa, Asia, and Latin America and to support a growing number of emerging consumers – especially with digital products and services – by partnering with insurtechs, mobile network operators, mobility platforms, and other digitally operating partners.	• 57.2 mn emerging consumers insured in 12 countries across Africa, Asia and Latin America; organic portfolio growth largely offset the maturity of government health schemes in India which had contributed 15.5 mn insured in 2021. • Several new products launched in 2022, including digitally enabled crop insurance for smallholder cocoa farmers in Ivory Coast.	For further insights into our emerging consumers business, please refer to section 02.1.5 and table ESG-6.
Sustainable investments	Our clear framework and strategy for sustainable investments allows us to provide capital for financing the transition to a sustainable, low-carbon economy in accordance with the E.U. Sustainable Finance Disclosure Regulation (SFDR) Article 2(17). We actively pursue investment opportunities that support solutions to environmental and societal challenges, aligned with the U.N. Sustainable Development Goals (SDGs).	We increased our proprietary sustainable investments to EUR 131.5 bn from EUR 123bn in 2021. We expanded the scope to include supranationals we label as sustainable in line with EU SFDR Article 2 (17) requirements.	For further insights into our sustainable investments, please refer to section 02.2.1.6 and table ESG-7.
ESG-themed strategies	We continue to collaborate with third party clients on finding suitable bespoke sustainability solutions and expand our dedicated sustainability product offering.	• Numerous initiatives at AllianzGI including implementation of a state of the art sustainable data architecture for decision support, a dedicated private markets impact unit, launch of sustainable investing and taxonomy share commitments for relevant strategies, and introduction of a new investment approach focused on reducing carbon footprint of portfolios. • Leverage PIMCO's toolkit to help decarbonize a portfolio, consisting of four core pillars – reduction of carbon intensity, investments in climate leaders, supporting climate solutions and influencing change through its engagement activities.	For further insights into our ESG-themed strategies, please refer to section 02.3 and tables AAM-1; AAM-2.
Strategy for sustainability in asset management	Develop strategy for sustainability in asset management, leading to strong competitive positioning in sustainable product offering and ensuring strong sustainability reputation.	• Allianz Asset Management businesses have been working intensely on their respective sustainability strategies as they continue to see it as an important industry driver. • Both PIMCO and AllianzGI presented strong sustainability strategy as part of Strategic Dialogues in 2022 and have been working on innovative offerings across the broad spectrum of sustainability orientation of their clients.	For further insights into our ESG-themed strategies, please refer to section 02.3. Also refer to our Non-Financial Statement, section Environmental matters, p. 63.

05.1.2 Objective and action tables

Sustainability in our organization

Objectives and actions: human rights matters

Topic	Objectives	Progress and actions 2022	Reference
Balanced gender representation	• 30% women in senior executive positions by 2024. • 50% women in Allianz talent pools by 2024.	• 42.0% (2021: 43.4%) women in Allianz talent pools. • 26.2% (2021: 24.7%) women in senior executive positions.	For further insights into our gender representation, please refer to section 02.4 and table HR-7. Also refer to our Non-Financial Statement, section Employee matters, p. 69.
Modern Slavery Act	• Continue to report on human rights issues as defined in the (UK) Modern Slavery Act. • Implement actions as required by the German Supply Chain Act and further improve our approach to human rights.	• No issues were raised regarding human rights issues in accordance with the (UK) Modern Slavery Act in 2022. • Allianz Group Modern Slavery Statement was updated in mid-2022.	For further insights into our Modern Slavery Act, please refer to section 05.5. Also refer to our Non-Financial Statement, section Human rights matters, p. 68.

05.1.2 Objective and action tables

Sustainability in our organization continued

Objectives and actions: own operations

Topic	Objectives	Progress and actions 2022	Reference
Energy consumption	Reduce energy consumption from office buildings per employee by 20% by year-end 2025 compared to 2019 within Allianz Group.	Achieved a reduction of 32% in 2022 (2021: 26%) compared to 2019 within Allianz Group.	For further insights into our energy consumption, please refer to section 02.6 and table ENV-3.
Water consumption	Reduce water consumption by 10% per employee compared to 2019 by year-end 2025 within Allianz Group.	Achieved a reduction of 39% in 2022(2021: 41%) compared to 2019 within Allianz Group.	For further insights into our water consumption, please refer to section 02.6 and table ENV-7.
Waste	Reduce waste generation by 10% per employee compared to 2019 by year-end within Allianz Group.	Achieved a reduction of 48% in 2022 (2021: 41%) compared to 2019 within Allianz Group.	For further insights into our waste consumption, please refer to section 02.6 and table ENV-8.
Business travel	Reduce GHG emissions from business travel by 40% per employee compared to 2019 by year-end 2025 within Allianz Group.	Achieved a reduction of 47% in 2022(2021: 71%) compared to 2019 within Allianz Group.	For further insights into our travel consumption, please refer to section 02.6 and table ENV-6.
Paper consumption	Reduce paper consumption by 20% per policy compared to 2019 by year-end 2025 within Allianz Group.	Achieved a reduction of 43% in 2022 (2021: 33%) compared to 2019 within Allianz Group.	For further insights into our paper consumption, please refer to section 02.6 and table ENV-9.

05.1.2 Objective and action tables

Sustainability in our organization continued

Objectives and actions: societal impact

Topic	Objectives	Progress and actions 2022	Reference
Corporate citizenship strategy	Continue with the implementation of the new strategy and roll out of the impact measurement framework.	Integrated Social Impact Measurement Framework into data collection process to enhance input-output-outcome-impact (IOOI) reporting in support of local entities setting their ambitions and measuring the impact of corporate citizenship activities.	For further insights into our long-term global partnerships, please refer to sections 01.6 and 02.7.
Long-term global partnerships	Continued review of our global partnership and development of a partnership framework for local corporate citizenship activities to increase the resilience and equal opportunities of children and young people.	Global Partnership approach is under discussion.	For further insights into our long-term global partnerships, please refer to sections 02.7 and 05.3.
Corporate citizenship activities	• Continue to contribute to society through corporate giving and employee volunteering in alignment with our strategy. • Identify and launch activities that would be supported through the Allianz Social Impact Fund.	Social Impact Fund supported 15 corporate citizenship programs led by operating entities (OEs) in partnership with NGOs in delivery of social impact locally in alignment with global strategy.	For further insights into our corporate citizenship activities, please refer to sections 01.6 and 02.7. Also refer to our Non-Financial Statement, section Social matters, p. 64.

05.1.2 Objective and action tables

Strengthening our foundation

Objectives and actions: cybersecurity

Topic	Objectives	Progress and actions 2022	Reference
Information security executive accountability	• Define and include information security targets for all responsible board members, including local OEs to ensure appropriate focus on securing Allianz. • Further upgrade targets and risk indicator monitoring, linking them to quantified risk exposure and roll-out of global cyber-risk management strategy.	• Target objectives for all OEs included key information security risk indicators in addition to targets for strategic programs related to information security. • Additionally, a mechanism was devised to ensure a direct link between information security standing and reward.	For further insights into our information security executive accountability, please refer to section 04.1.1. Also refer to our Non-Financial Statement, section Cybersecurity, p. 67.
Data privacy and data ethics	• Deploying new data privacy controls for supplier management concerning the pre-selection, contracting, ongoing monitoring, and off-boarding of data processors. • Deploying a rigorous new training program for privacy professionals and privacy champions. • Rollout of the AI Practical Guidance to all EU Renewal Agenda Committee (RACo) operating entities.	• Revised data privacy controls for supplier management to reflect the full supplier management lifecycle and piloted these controls for inclusion into the 2023 cycle of the Integrated Risk and Control System (IRCS). • Conducted 2 Privacy Expert Trainings and 7 Privacy Champion Trainings, attended by 49 and 404 participants respectively. • Instituted a quarterly program to train relevant employees on the Practical Guidance for AI. • Completed the Practical Guidance for AI rollout assessment, including an interview process and monitoring measures, for all EU RACo OEs by the end of 2022.	For further insights into data privacy and data ethics, please refer to section 04.1.2 and section 04.1.3. Also refer to our Non-Financial Statement, section Cybersecurity, p. 70–71.

Objectives and actions: compliance/anti-corruption and bribery matters

Topic	Objectives	Progress and actions 2022	Reference
Compliance	• Complete the cycle of the integrated compliance risk scoping and assessment activities as part of the company's IRCS process. • Continue to enhance the effectiveness of local compliance organizations by enriching our compliance reviews, to bolster further the governance and processes of underlying compliance organizations across our OEs.	• Completed the 2022 integrated compliance risk scoping and assessment activities as part of the company's IRCS. • 2022 Compliance Review Plan executed.	For further insights into our compliance, please refer to section 04.3 and tables COM-1; COM-2.

05.1.2 Objective and action tables

Climate related targets

Objectives and actions: Climate Change Strategy

Topic	Objectives	Progress and actions 2022	Reference
Phase out of coal-based business models	• Fully phase out coal-based business models across our proprietary investments and Property & Casualty (P&C) portfolios by 2040 at the latest, in line with the 1.5°C pathway. • Engage with companies in proprietary investment as well as P&C portfolios to move away from coal.	Reduce threshold for coal-based business models for P&C insurance as well as investment portfolios from current 30% to 25% share of coal in power generation or mining revenues as of 31 December 2022. For further insights into our the guideline and our divestments, please refer to our Group Sustainability Report 2022, chapter 03.	For further insights into our divestments, please refer to section 03.3. Also refer to our Non-Financial Statement, section Environmental matters, p. 63.
Transition away from oil and gas	• Restrict specified oil and gas project investments and single-site P&C insurance as of 1 January 2023. • Set expectations to companies with largest oil and gas production to commit to net-zero GHG emissions across all emission scopes by 2050 by 1 January 2025.	• Launch of oil and gas guideline which restricts project investments in and single-site P&C insurance of exploration and development of new oil and new gas fields (upstream) , construction of new midstream infrastructure related to oil as well as construction of new oil power plants. • Furthermore, practices relating to Arctic and Antarctic, coal-bed methane, extra-heavy oil and oil sands, as well as ultra-deep sea are restricted. This pertains to both new and existing projects/operations. • Companies with largest oil and gas production need to commit to net-zero GHG emissions across all emission scopes by 2050 by 1 January 2025.	For further insights into our transition away from oil and gas please refer to section 03.2. Also refer to our Non-Financial Statement, section Environmental matters, p. 63. For further insights into our the guideline, please refer to chapter 03.

05.1.2 Objective and action tables

Climate related targets continued

Objectives and actions: climate change strategy

Topic	Objectives	Progress and actions 2022	Reference
Net-Zero Asset Owner Alliance	Transitioning investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5 °C above pre-industrial temperatures.	• Allianz re-elected to Steering Group Chair role for another term of two years, which reflects the strength of our commitment and collaboration with member organizations. • Allianz co-led Monitoring, Reporting & Verification (MRV), Engagement, Policy and Communications work tracks within the alliance, together with other leading asset owners. • One of the key contributors to notable publications such as Target Setting Protocol 2nd edition, The Future of Investor Engagement, Position paper on Governmental Carbon Pricing, NZAOA's 2nd annual progress report, Call to Policymakers to Support Scaling Blended Finance, Call to Action to Private Market Asset Managers, to name a few.	For further insights into our work with the Net-Zero Asset Owner Alliance please refer to sections 01.5; 02.2.1; 03.2; 03.3. Also refer to our Non-Financial Statement, section Environmental matters, p. 63.
Net-Zero Insurance Alliance	Transitioning all operational and attributable GHG emissions from our insurance and reinsurance underwriting portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels.	• Allianz actively supported the creation of the first ever carbon accounting and reporting standard for the insurance industry. It was successfully launched in November 2022 in cooperation with PCAF (Partnership for Carbon Accounting Financials) and other leading insurance companies. • Allianz further contributed significantly to the first version of the NZIA Target Setting Protocol, expected to be launched in January 2023. First individual intermediate targets for 2030 are expected to be released in Q3 2023.	For further insights into our work with the Net-Zero Insurance Alliance please refer to sections 01.5; 02.1; 03.2; 03.3. Also refer to our Non-Financial Statement, section Environmental matters, p. 63.
Sustainable claims management	Define approach and KPIs for sustainable claims management in retail P&C.	• Allianz developed a practice guide for motor retail to support decarbonization of motor retail claims processes together with the biggest operating entities in the motor business. • Allianz defined a set of operational KPIs for motor retail claims which will be applied for internal steering purposes in 2023.	For further insights into our sustainable claims management please refer to section 02.1. Also refer to our Non-Financial Statement, section Environmental matters, p. 63.

05.2 How we report: transparent reporting, ratings and performance

Our ambition is to increase trust and transparency in all our activities and we strive to reflect our values of integrity, competence and resilience in our sustainability reporting.

We actively promote the development of global sustainability reporting standards to simplify the reporting landscape and drive transparency and comparability of corporate reporting and performance.

Allianz bases its management approach and reporting on voluntary international standards and guidelines such as the Global Reporting Initiative (GRI) and recognized sustainability indices. This report complies with the latest GRI Standards from 2021.

We continually monitor developments in reporting standards and regulations including initiatives by the World Economic Forum (WEF), the European Commission (EC), the Sustainability Accounting Standards Board (SASB) and the International Sustainability Standards Board (ISSB).

Our engagement aims to support the development of a high-quality and globally consistent reporting system that adequately meets stakeholders' information demands in a timely manner. For example, we are a member of the European Financial Reporting Advisory Group (EFRAG) Project Task Force on European Sustainability Reporting Standards (PTF-ESRS). Allianz will be required to comply with CSRD regulations by fiscal year 2024. To achieve this, a dedicated implementation project has been set up.

> **Details on our reporting standards, scope and materiality can be found in this section and section 05.7.**

Our annual U.N. Global Compact (UNGC) Communication on Progress can be found on our website and the UNGC website.

Our GRI Content Index is available on our website.

Data and assurance

To assess the quality and reliability of our reporting, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) has conducted limited assurance reviews of our sustainability reports, processes and data since the 2016 reporting year and since 2021 reporting year for the Tax Transparency Report.

PwC undertakes regular onsite reviews of a sample of operating entities of Allianz SE, selected based on their impact on the Group's sustainability activities. Implementation of recommendations is monitored by the Global Sustainability and Group Accounting and Reporting functions.

The Group center functions, the Group Disclosure Committee, and our operating entities support the Allianz SE Board of Management to ensure that the Group Management Report and Sustainability Report (which includes our non-financial statement) includes a fair review of the development and performance of the business and the position of the group. The Supervisory Board also reviewed and approved both reports.

> **Please see the 2022 Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information (section 05.8).**

05.2.1 Reporting parameters

The content of this report is focused on the key requirements of our stakeholders and sustainability rating and benchmarking providers.

The primary target audience are rating providers, analysts, investors and NGOs. The report also contains key insights for other stakeholder groups, such as customers and employees, and makes links to other documents which disclose our approach and report on progress.

Material topics and aspects

Key topics included in this Sustainability Report were shaped by our 2021 materiality analysis which satisfies the GRI Principles for defining report content (accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability).

> **For further details about our 2021 materiality assessment process and outcomes, see section 05.7.**

World Economic Forum Stakeholder Capitalism Metrics

Since January 2021, Allianz has been one of the initial endorsing companies of the (WEF) Stakeholder Capitalism Metrics. Drawn from existing standards, the Stakeholder Capitalism Metrics are a set of metrics that can be reported on by all companies, regardless of industry or region.

05.2 How we report: transparent reporting, ratings and performance

We actively encourage our stakeholders and business partners to consider adopting the WEF metrics in their own reporting.

As part of our commitment to transparent and comparable reporting, we have included an overview of our disclosures based on the Stakeholder Capitalism Metrics in this report.

We have included additional indicators on pay equality, wage level and anti-corruption trainings.

We do not consider some metrics to be material for us as a financial services company and explanations for these omissions are provided.

Our WEF Content Index available as an appendix to this report, is accessible through our website.

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

Non-Financial Statement

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

For further details please see our Group Annual Report 2022.

Our reporting ecosystem

We focus on reporting online, cross-linking to the sustainability section of our website, People Fact Book, Tax Transparency Report and Analyst's Presentation and Non-Financial Supplement, which offers further extra financial information.

An overview of our reporting ecosystem can be found on page 02.

An increasing number of Allianz subsidiaries now publish their own sustainability reports. These are available for download on local Allianz websites.

Integrating non-financial reporting into financial reporting

We use SAP data collection for almost all non-financial information with an interface to financial data systems for some data points.

The P&C Line of Business reporting tool is used to collect Sustainable Solutions and EU Taxonomy data.

The governance process for non-financial reporting is aligned with financial reporting and follows the same review rounds as for the Annual Report engaging with the Board of Management and Supervisory Board.

This year, we conducted a fast-close project to harmonize reporting timelines.

Scope of reporting

This is our 22nd annual Sustainability Report.

Our Sustainability Report 2022 relates to the entire Allianz Group.

Unless otherwise stated, all measures, activities and key figures refer to the 2022 fiscal year (01 January 2022 to 31 December 2022) and we take operational control as the boundary for reporting.

We are no longer underwriting new insurance business in Russia and the Russian operations of the Allianz Group are classified as a disposal group as held for sale.

For further information, please refer to the Consolidated Financial Statements, note 3, page 142 of our Group Annual Report 2022.

05.2 How we report: transparent reporting, ratings and performance

05.2.2 Sustainability ratings and performance

Sustainability ratings promote transparency and trust among our customers, investors and other stakeholders.

We strive to be a sustainability leader in our sector. Taking part in sustainability ratings and industry benchmarks supports us to improve our performance and transparency.

Sustainability rating	Our performance (as of 31 December 2021)	Our performance (as of 31 December 2022)
DJSI/S&P Global CSA Key rating	We are one of the longstanding members of the Dow Jones Sustainability Index and we achieved 100% percentile, scoring 93 points out of 100 in 2021, up from 85 points in 2020.	We are one of the longstanding members of the Dow Jones Sustainability Index (DJSI). Allianz received the 3rd highest score among the insurance industry in DJSI (S&P Global's 2022 Corporate Sustainability Assessment (CSA)) with a score of 89/100 (score date as of 09.12.2022) keeping the score equal to 2021, despite the impact of the Structured Alpha matter.
MSCI[1] ESG Key rating	Allianz once again received a rating of AAA (on a scale of AAA-CCC) in 2021 and is one of the top performers in the insurance sector.	In 2022, despite a deterioration in our rating from AAA to AA (on a scale of AAA-CCC) due to the impact of the Structured Alpha matter, Allianz remains one of the top performers in the insurance sector.
Sustainalytics[2] Key rating	We received an ESG Risk Rating of 15.9 and were assessed to be at low risk of experiencing material financial impacts from sustainability factors. Our risk rating places us at rank seven in the diversified insurance industry and second amongst peers of similar market cap, as assessed by Sustainalytics. Our ESG Risk Rating was revised over the course of the year in association with the developments of the AllianzGI U.S. Structured Alpha matter, resulting in a year-on-year deterioration in sub-industry rank from second in 2020.	Despite the Structured Alpha matter continuing to affect our score, the Sustainalytics rating has improved yoy: we received an ESG Risk Rating of 13.3 and were assessed to be at low risk of experiencing material financial impacts from sustainability factors. Our risk rating places us at rank #4 in the diversified insurance industry and first amongst peers of similar market cap, as assessed by Sustainalytics.
ISS ESG	We received Prime status in 2021. This ranks us among the world's most sustainable companies in our industry and we achieved a first decile rank.	We received Prime status in 2022 with a rating of B-. This ranks us among the world's most sustainable companies in our industry and we achieved a first decile rank.
ISS quality score	We received the highest possible rating in the ISS Quality Score for the environment and social pillars in 2021 with ratings of first decile in both pillars.	We once again received the highest possible rating in the ISS Quality Score for the environment and social pillars in 2022 with ratings of first decile in both pillars.
Moody's (formerly Vigeo Eiris)	We were ranked third in the insurance sector in 2021 with an overall ESG score of 63 out of 100 points.	We were ranked eighth in the insurance sector in 2022 with an overall ESE score of 60 out to 100 points.
FTSE4Good	We are one of the longstanding members and were ranked among the top five percent of our sector in 2021.	We are one of the longstanding members and were ranked among the top five percent of our sector in 2022.

1 The use by Allianz of any MSCI ESG research LLC or its affiliates ('MSCI') data, and the use of MSCI logos, trademarks, service marks or index names herein, does not constitute a sponsorship, endorsement, recommendation, or promotion of Allianz by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided as-is and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

2 Copyright 2022 Sustainalytics. All rights reserved. This presentation contains information developed by Sustainalytics. Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available here.

05.2.2 Sustainability ratings and performance

Sustainability rating	Our performance (as of 31 December 2021)	Our performance (as of 31 December 2022)
PRI	In 2020, we achieved the highest rating (A+) in eight out of nine categories and were included in the 2020 Leaders' Group for our climate reporting.	As a signatory of PRI, we participated in the 2021 pilot detailing our thorough ESG approach to Investment and Stewardship across asset classes. The 2021 reporting cycle introduced an updated assessment methodology so that no overall scores are provided for an organization.
CDP	We have participated with our climate change CDP submission since 2011. In 2021, we achieved a B rating.	We participated with our CDP submission to fulfill RE100 requirements. Allianz was not scored in 2022.
Bloomberg Gender Equality Index (listing)	For the sixth year running, we were included in the list of 380 companies from 44 countries and regions across multiple industry sectors in 2021.	In 2022, we were included for the seventh consecutive year in the list of 418 companies across 50 industries, headquartered in 45 countries and regions.
Refinitiv diversity and inclusion index (ranking)	Allianz was ranked fifth globally in 2021 (up two places since 2020) among companies leading the way in embedding diversity and inclusion in their business strategy and practices. Allianz was ranked first in the country (German-headquartered) and sector (insurance) categories.	Allianz was ranked number one in insurance and number one in Germany in the Refinitiv diversity & inclusion index for 2022. This is the third year in a row that we received this result. The global index identifies the top 100 publicly traded companies with the most diverse and inclusive workplaces, as measured by 24 separate metrics across 4 key pillars.
BeyondGenderAgenda German Diversity Index (ranking)	We were placed second in the BeyondGenderAgenda German Diversity Index 2021 (ranking the DAX30 companies).	We were ranked number one in the BeyondGenderAgenda German Diversity Index 2022. The index evaluates the diversity commitment of the DAX40 companies.

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

05.3 Stakeholder engagement

Stakeholder engagement and collaboration enables us to understand our impacts and drive progress across our sustainability challenges and opportunities.

Understanding stakeholder needs also ensures we design products and services that scale our positive contribution to social, environmental and economic issues.

To advance our sustainability approach (see sections 01.4 to 01.6.), it is important that we stay connected and in dialogue with our stakeholder groups directly and drive engagement through our memberships and partnerships.

Many of the challenges of our time – such as tackling climate change and upholding human rights – require collective solutions involving a multistakeholder approach spanning business, politics and civil society.

In line with our belief that all actors must cooperate to advance sustainability, we prioritize SDG 17, Partnerships for the goals, through a variety of partnerships and memberships (see selection of examples below) and thus contribute to the relevant SDG targets 17.16 and 17.17.

05.3.1 How we engage with stakeholders

We use materiality analysis, customer surveys and direct engagement with stakeholders to shape our strategy, activities and reporting. Besides engagement with international and national sustainability bodies and initiatives, we focus on five key stakeholder groups which are most impacted by our business: customers, employees, governments/regulators, society and investors. The purpose of each stakeholder engagement depends on the stakeholder involved (as described below) but will invariably aim to develop solutions that benefits the whole.

In 2022, we continued to engage with the Net-Zero Asset Owner Alliance, the Net-Zero Insurance Alliance and the Net-Zero Asset Manager initiative, advancing our quest to align the financial sector to the 1.5°C target of the Paris Agreement.

Key stakeholder groups	Why engagement is important	How we engage[1]
Employees	Listening and responding to our employees' views, ideas and concerns shapes our strategy, values and workplace while enabling Allianz to generate long-term value.	The Allianz Engagement Survey (AES) Employee dialogs and networks Corporate volunteering programs Events for employees (including the Allianz Sustainability Forum and the Allianz World Run)
Investors	We engage with investors to communicate our sustainability strategy and performance, to enable them to make informed decisions about their investments, and to understand their expectations of our business.	Annual General Meeting Dialogs and roadshows Ratings (e.g. S&P Global CSA, MSCI ESG) and benchmarks Website, Sustainability Report, Non-financial supplement, Analyst Presentation
Customers	Feedback from customers helps improve our products, services and processes and ensures we offer easy and adaptable solutions.	Customer surveys, learning from and sharing customer insights Review of financial services sector developments Research and development to support product innovations Digital Net Promoter Score (dNPS) Allianz Risk Barometer Survey
Society	Engaging with civil society, governments/regulators and institutions helps us drive positive change and contribute to effective regulation and multi-stakeholder partnerships.	Partnerships for civic engagement Thought leadership on global issues Panel discussions and roundtables Foundations, donations and volunteering Formal dialogues with NGOs

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

05.3 Stakeholder engagement

05.3.2 Partnerships for change

Collaboration and long-term partnerships are instrumental in delivering positive change. Allianz's businesses are members of a wide range of sustainability-related initiatives and principles.

Building confidence in tomorrow...

Selected memberships and partnerships
Founding member, The U.N. Convened Net-Zero Asset Owner Alliance (NZAOA)
Founding member, The U.N. Convened Net-Zero Insurance Alliance (NZIA)
Member, Net-Zero Asset Managers Initiative (NZAM)
Participant, Glasgow Financial Alliance for Net-Zero (GFANZ)
Member, U.N. Convened Global Investors for Sustainable Development (GISD) Alliance
Signatory, Principles for Responsible Investment (PRI)
Signatory, Principles for Sustainable Insurance (PSI)
Signatory, Climate Action 100+
Founding Member, ClimateWise
Member, EFRAG Project Task Force Non-Financial Reporting Standards (PTF-NFRS)
Member, European Platform on Sustainable Finance
Member, EV100
Signatory, Finance for Biodiversity Pledge
Founding Member, Freunde und Förderer der ESMT
Member, G7 Investor Leadership Network
Member, Global Innovation Lab on Climate Finance (The Lab)
Member, Institutional Investors Group on Climate Change
Participant, Insurance Development Forum
Member, Investor Agenda
Partnership, LMU Allianz Professorship
Partner, Local partnership with SOS Children's Villages International
Member, Open Source Climate
Partner, Partnership with the German Corporation for International Cooperation (GIZ)
Member, PRI Asset Owner Advisory Committee
Member, RE100
Member, SBT FI Expert Advisory Group
Signatory, Science-Based Target Initiative
Stifterverband for deutschen Wissenschaft
Member, Stiftung Klimawirtschaft
Supporter World Cleanup Day
Signatory, Task Force on Climate-related Financial Disclosures (TCFD)
Participant, Task Force on Nature-related Financial Disclosure (TNFD) – Informal Working Group
Member, Tent Partnership for Refugees
Member, The B Team
Associated, The Climate Group
Member, The InsuResilience Global Partnership
Supporter, Transition Pathway Initiative
Founding Member, UN Environment Finance Initiative (UNEP FI)
Participant, UN Global Compact
Member, UN Global Compact Network Germany
Associated, We Mean Business
Signatory, World Economic Forum Alliance of CEO Climate Leaders
Signatory, World Economic Forum Stakeholder Capitalism Metrics
Partner, Worldwide Insurance Partnership with the Olympic and Paralympic Movements (IOC/IPC)

05.4 Our expanded sustainability governance

05.4.1 Key bodies involved in sustainability governance

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

> See section 01.8.2

Group Sustainability Board

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

To support the Board of Management in its decision-making, Allianz SE established a dedicated Group Sustainability Board (known until January 2022 as the Group ESG Board). It is composed of members of the Board of Management of Allianz SE and Group Center heads and meets quarterly.

Members of the Group Sustainability Board in 2022:

Dr. Günther Thallinger (Chairperson)
Board Member of the Board of Management of Allianz SE, responsible for Investment Management, Sustainability

Dr. Barbara Karuth-Zelle
Member of the Board of Management of Allianz SE, responsible for Operations, IT and Organization (COO)

Dr. Klaus-Peter Röhler
Member of the Board of Management of Allianz SE, responsible for Insurance German Speaking Countries and Central & Eastern Europe

Christopher Townsend
Member of the Board of Management of Allianz SE, responsible for Global Insurance Lines & Anglo Markets, Reinsurance, Iberia & Latin America, Middle East, Africa

Dr. Andreas Wimmer
Member of the Board of Management of Allianz SE, responsible for Asset Management, US Life Insurance

Lauren Day
Head of Group Communications and Reputation (GCORE)

Hervé Gloaguen
Group Chief Compliance Officer

Line Hestvik
Group Chief Sustainability Officer

Aylin Somersan-Coqui
Group Chief Risk Officer

Allianz SE Supervisory Board Sustainability Committee

The Supervisory Board of Allianz SE is responsible for defining and assessing targets for the Board of Management. The Sustainability Committee of the Supervisory Board is responsible to advise on sustainability related target setting and assessment.

The Sustainability Committee has five members: three members are elected upon the proposal of the shareholder representatives and two upon the proposal of the employee representatives. The Chairperson of the Committee is also elected by the Supervisory Board.

Christine Bosse (Chairperson), Sophie Boissard, Gabriele Burkhardt-Berg (employee representative), Michael Diekmann, Frank Kirsch (employee representative)

Group Center Global Sustainability

Since 01 January 2021, responsibility for Allianz's sustainability agenda is led by the Global Sustainability function (Group Center).

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

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

The Group Finance and Risk Committee oversees risk management and monitoring, including sustainability risk.

The Group Underwriting Committee monitors the underwriting business, its risk management and development of underwriting internal rules and strategies. This includes the integration of sustainability into underwriting processes.

The Group Investment Committee focuses on fundamental investment-related topics, including sustainability-related matters.

05.4 Our expanded sustainability governance

With the importance of climate and SDG 13 we have established a dedicated governance around our climate activities.

05.4.2 Climate governance

In 2021, we thoroughly reviewed our approach to identify and manage climate change risks and opportunities.

This review concluded that a program to develop and implement continuously improved tools, processes and disclosures – including appropriate governance structures – should be implemented from 2022 onwards.

The process is steered by a cross-functional group of senior executives at Group and OE levels. They include the Global Chief Risk Officer, Chief Sustainability Officer, Heads of Group Accounting and Reporting, Global Property-Casualty (P&C), Global Commercial, Center of Competence Life and Health and one of the Managing Directors of Allianz Investment Management.

Progress is reported to the Group Sustainability Board. The governance described refers to the status in the reporting year 2022.

Group functions

Addressing sustainability matters requires cross-functional collaboration and support across our global operations.

The Global Sustainability function includes a team dedicated to Climate Integration and is responsible for coordinating integration of sustainability and climate aspects into core investment, insurance and business operation activities.

It also acts as the secretariat of the Sustainability Board and meets regularly with its Chair. Further functions such as Group Risk, Global P&C, Global Commercial, Allianz Investment Management and Group Accounting and Reporting report on climate-related matters and support operating entities in integrating the Group's strategic approach and objectives.

Additional bodies and functions, such as Allianz Research, monitor and analyze market, technological and regulatory trends and developments and share insights.

Investment and insurance functions

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

At Allianz Investment Management (AIM), the Investment Management Board (IMB) oversees implementation of climate and sustainability strategy for our proprietary investment portfolio of € 701.1 billion. This includes regular updates, discussions and decisions on implementation, target-setting and compliance related to portfolio decarbonization targets and measures. Analyses of potential growth opportunities as well as asset stranding in climate scenarios and engagement on climate aspects are also regularly addressed.

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

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

For more details, see section 02.2.

For more details, see Allianz ESG Integration Framework.

Climate competence

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

These include:

- Extensive reports and briefings for top management, translating climate science into business implications.
- Sustainability roundtables of investment functions.
- Trainings for employees, investment-related functions, underwriters and sales agents.
- Knowledge sharing with and upskilling of local sustainability colleagues.
- Conferences on sustainability topics which include Board member presentations; in 2022 we held two internal Sustainability Forums open to all employees.

05.4 Our expanded sustainability governance

05.4.3 Climate risk and opportunity management

The risks and opportunities posed by climate change require the use and regular review of a comprehensive framework to ensure it is properly addressed and applied.

Climate change risks and adaptation have been integral to our risk management process for many years and our approach continues to improve.

Processes and rules are codified mainly in internal corporate rules. Our risk management and adaptation processes and rules cover all insurance and underwriting-specific processes.

Climate risks are addressed as part of an overarching qualitative and quantitative risk reporting and controlling framework which includes three lines of defense:

- As a general principle, responsibility for the 'First Line of Defense' rests with business managers in the related Allianz Group undertaking. They are responsible for the risks taken and the returns from their decisions.
- The 'Second Line of Defense' consists of independent global oversight functions – Risk, Actuarial, Compliance and Legal. These support the Group Board of Management in defining the risk frameworks within which the business can operate.
- Group Audit forms the 'Third Line of Defense', independently and regularly reviewing risk governance implementation and compliance with risk principles, performing quality reviews of risk processes, and testing adherence to business standards, including the internal control framework.

Early warning indicators are monitored and regularly reported to senior management through risk dashboards, risk capital allocation and limit consumption reports to identify when climate aspects become material.

Supplemented by quarterly updates, senior management decides the risk management strategy and related actions.

A key tool is the Allianz Risk Capital Model which assesses natural catastrophe (Nat Cat) events for the upcoming year on subsidiary and Group level.

Another important instrument is the yearly Top Risk Assessment which helps to identify and remediate significant threats to financial results, operational viability, reputation and delivery of strategic objectives, regardless of whether they can be quantified or not. This includes immediate risks for the company and emerging risks which may arise from technological developments, new or changing environmental risks and socio-demographic changes.

Climate-related factors are included in Top Risk Assessments which are conducted at both operating entity and Group level. Relevant emerging risks are discussed by the Group Finance and Risk Committee or the Group Underwriting Committee.

Following that, underwriting opportunities or mitigation measures are implemented where necessary.

For more details on these risk management processes please refer to the Risk and Opportunity Report pages 100 to 120 of our Group Annual Report 2022.

05.4.4 Natural catastrophe risk governance

The Group-wide risk management framework is applicable to Nat Cat.

Very specific processes and rules apply to the management of Nat Cat risks due to the significance of relevance and potential exposure.

Main risk management processes covering physical climate change adaptation include pricing risks, portfolio management, exposure and risk management, risk consulting, claims handling and governance.

Each operating entity is responsible for controlling its exposure to individual catastrophes and for defining local reinsurance requirements based on local risk appetite and capital position. The respective cover is provided by Allianz SE or one of its subsidiaries.

At Group level, the Board of Management reviews and approves the risk appetite.

The reinsurance division is responsible for designing and implementing Group catastrophe protections within given exposure limits. These covers take various forms and aim to protect the Group against excessive losses from major natural catastrophes.

We measure, monitor and steer risk based on an approved internal model which quantifies the potential adverse development of own funds. All relevant P&C insurance and reinsurance portfolios are considered.

We use special Nat Cat modeling techniques which combine portfolio data (e.g. geographic location, characteristics of insured objects and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses. Where such models do not exist, we use deterministic, scenario-based approaches to estimate potential losses.

05.4 Our expanded sustainability governance

Experts at Allianz Reinsurance – including meteorologists, hydrologists, geophysicists, geographers and mathematicians – model around 50 Nat Cat scenarios for Allianz Group.

Data is captured using best-in-class standards to map a range of perils and regions. In past years, these were used to conduct stress-tests for floods in Germany as well as wildfires in the U.S. and Australia.

The results provide the basis for group-wide risk monitoring, risk limits and subsequent business decisions.

The top three perils contributing to Nat Cat risk for Allianz Group in the past four years were windstorms in Europe, floods in Germany and earthquakes in Australia.

We also conduct selected stress-scenario analysis on Nat Cat risks like hail or windstorms to be used in risk steering.

Nat Cat models are regularly updated according to the latest scientific information. We are continuously improving the inclusion of global Nat Cat hazard information, including climate, into underwriting decisions.

05.4.5 Climate and sustainability-risk governance

In addition to addressing climate-related risks as part of our overarching qualitative and quantitative reporting and controlling framework, a variety of corporate rules and processes foster integration of climate-related risks and opportunities.

The Allianz sustainability approach integrates climate- and sustainability-related considerations by applying Group-wide corporate rules and sustainability instruments across all underwriting and investment activities. This includes the Allianz ESG Functional Rule for Investments and the Allianz Standard for Reputational Risk and Issues Management which establish a core set of principles and processes for the management of reputational risks and sustainability issues within the Group.

All corporate rules are regularly updated to reflect newest insights and external developments. The publicly-available 4th report edition of the Allianz ESG Integration Framework increases transparency around internal processes and guidelines related to our sustainability approach. We also rely on external providers for data related to climate, sustainability and reputational risks.

As an additional layer, the Climate Integration team within Global Sustainability and the sustainability Task Forces ensure the early identification, measurement and business integration of risks and opportunities arising from physical climate change and the low-carbon transition.

Examples include regulatory activity around climate change and sustainable finance, integration of sustainability and climate considerations in business processes, and dedicated projects. Substantial topics are channeled to the Sustainability Board to inform their strategic decision-making.

Risk and opportunity considerations are supplemented by additional processes including:

- The annual Allianz Risk Barometer produced by Allianz Global Corporate & Specialty. This is a survey of corporate clients, brokers, industry trade organizations, risk consultants, underwriters, senior managers and claims experts, in total collecting more than 2,650 responses from 89 countries and 22 industry sectors. Climate change is ranked sixth. It is also linked to Nat Cat risks in third position, as a key risk to property business, and gains increasing importance in shaping emission-intensive industries in terms of transition risks. Business interruption is ranked second highest, behind cyber incidents, with potential triggers found in climate-related events.

  You can access the full Risk Barometer here.
- The Global Claims Review analyzes more than 470,000 claims in over 200 countries and territories. The latest Review from 2019 found windstorms as the only Nat Cat event to appear in the top 10 causes of loss. Natural catastrophes account for five percent of claims in number and 13 percent of total value of all claims. It represents some of the largest exposures to energy as well as property and engineering segments. Environmental and climate change-related liability issues are seen to potentially increase in future.
- Our partnership and memberships as described in section 05.3 facilitate early risk detection as well as access to industry discussions and best practice.
- Our regular materiality assessment ranks emerging sustainability and climate issues and opportunities according to their importance for our business and our stakeholders.

  See section 05.3.

05.4 Our expanded sustainability governance

- Ongoing dialogue with internationally recognized non-governmental organizations (NGOs) provides ad hoc and scheduled exchanges on sustainability matters. The NGO dialogue is a forum for direct exchange of ideas and points of view designed to leverage NGO's expertise on climate and sustainability matters to support the development and implementation of internal policies, programs and plans. Allianz listens to the concerns of NGO partners and discusses potential solutions to address these concerns. We also jointly work on solutions like the NZAOA, where NGOs are partners.
- Ongoing dialogues with policymakers, regulators and academia on key economic, governmental, environmental and societal issues, including climate change, to anticipate arising developments and share opinions, knowledge and best practice.

For proprietary investments, the ESG Functional Rule for Investments provides the foundation for integrating climate-related issues.

05.4.6 Climate risk management process

Methods of adaptation to climate change risks form part of our overall risk management approach and apply to the whole value chain of our insurance operations, covering all business segments, lines of business, new business and in-force business. Relevance of climate change impact and need for adaptation vary across our portfolios.

Insurance-related processes

Product development, risk models and tariff calculations reflect expected claims from natural catastrophes, especially in Property, Engineering and Motor insurance.

In risk segments and lines of business where significant impact from climate change cannot yet be observed, risk patterns and their development are monitored closely (e.g. liability).

Coverages and terms and conditions are designed with respect to changing risk patterns, taking all relevant developments into account. Terms and conditions and tariffs provide incentives for customers to protect the insured assets against natural hazards and other climate-related risks, where relevant.

In distribution, consulting and advising customers on their risks, based on a thorough individual risk assessment, is an integral part of our sales strategy in retail and commercial business.

For our commercial business, the sales organization is supported by underwriters and risk engineers who provide specific advice to customers on protection and adaptation measures against all types of risk, especially Nat Cat and other climate change-related risks.

In underwriting, a thorough rules-based risk assessment is performed prior to any underwriting decision, either automated (mostly in retail business) or individually (mostly in commercial business).

Risk information is captured and stored in our database and linked to all relevant business processes. For Nat Cats, our Group Global Geographic Information System (GIS) combines single risk information with global natural hazard maps. This is key to managing risk exposure and accumulation risk.

We have established a limit system for each Nat Cat loss type at all levels of the organization, including Nat Cat limits at Group and operating entity levels.

In the commercial business, underwriters and risk engineers consult and advise customers on prevention measures and support them in adapting to changing risk patterns. Our re-insurance structure protects our capital base against volatility and impact beyond defined thresholds.

In portfolio management, regular performance assessments are conducted by operating entities and at least twice per year for all relevant portfolios together with the responsible Group Center of Allianz SE. Any departure from projected plans – including claims frequency and severity – is identified and action immediately taken.

As our policies are renewed on a yearly basis, actions can be implemented annually if necessary. Adaptation measures with regards to climate change risks comprise re-pricing actions, deductibles, changes in terms and conditions and even cancellation of policies where a sufficient premium for the risk cannot be obtained.

For further details, please refer to the Risk and Opportunity Report pages 100 to 120 of our Group Annual Report 2022.

05.4 Our expanded sustainability governance

Investment-related processes

Comprehensive climate risk management processes cover all major asset classes:

- Climate scenarios are analyzed by inter-departmental teams under the joint lead of the AIM Risk and Investment Analytics and AIM ESG teams.
- Both physical and transition risks are assessed based to a large extent on quantitative KPIs, making use of the climate stress-tests discussed.
- Risks are actively managed for the total portfolio, supported by our ESG scoring approach (see section 02.2.1.3).
- On physical risks, we seek to identify potential impacts on physical assets we own, as well as impacts on client or investee level and associated portfolios (see section 03.4.1).
- Maintaining active dialogue with asset managers and investee companies on climate strategies integrates into risk management framework.

Measures to manage our risks are based on two major levers:

1. Adapt asset allocation:

- Shift volumes towards zero carbon assets (mid-term).
- Increase exposure to companies leading the transition (all sectors).
- Increase of blended finance volumes.
- Reduce exposure to climate laggards per sector.
- Fossil fuel guidelines.

2. Enhance climate change readiness of existing assets:

- Broad engagement, bilateral dialogue and participation in global initiatives like CA100+ or IIGCC.
- Real Estate: Steer and align real estate portfolio with CRREM pathways (1.5˚C pathway).
- Reduce emissions in line with IPCC pathways for infrastructure portfolio.
- For physical assets with direct material ownership like real estate and infrastructure, dedicated asset-level adaptation plans are implemented based on thorough location-sharp physical risk assessments.
- The Allianz Climate Change Risk Solutions (ACCRiS) tool (see section 03.4.2) will be used for new acquisitions and for portfolio assessment.
- The energy sector is covered by the NZAOA-related sector targets for Utilities and Oil and Gas.
- Dedicated asset manager engagement is in place.

05.4.7 Allianz Group Sustainability Network

The wider sustainability network spanning the entire Allianz Group includes:

- Sustainability Leads responsible for coordinating and leading sustainability integration in their respective operating entities.
- Sustainability/ESG experts and centers of competence in group-level business functions (P&C, L&H, investments, asset management) as well as in our group centers (procurement, operations, etc.).
- Local Environment Officers responsible for managing the environmental footprint of our operations.
- Non-Financial Data Coordinators responsible for sustainability reporting.
- Corporate Citizenship Leads who drive social impact activities and partnerships.

05.5 Our commitment to human rights

Respect for human rights is a minimum standard for responsible business within and beyond our direct operations. This is an expectation that is reflected by expanding legislation and applied across our global operations.

We aim to identify, prevent, mitigate or remediate adverse human rights impacts linked to our business activities and operations including our supply chain. This is in line with the U.N. Guiding Principles on Business and Human Rights (UNGP) which provide a framework for responsible business operations and activities.

We are committed to respecting various human rights standards and Allianz SE has been a participant in the U.N. Global Compact (UNGC) since 2002. We annually communicate our progress against these principles.

Read our UNGC Communication on Progress.

We are committed to international human rights standards to the workforce of our suppliers and those impacted by our supply chain.

We also apply the Universal Declaration of Human Rights as an employer throughout our worldwide operations.

We have integrated the 10 principles of the UNGC into our globally binding Allianz Group Code of Conduct and we respect the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Allianz endorses the Declaration on Fundamental Principles and Rights at Work, including the ILO declaration on the freedom of association and the right to collective bargaining.

In countries where local law prohibits formalized unions and works councils, we respect local law but do not obstruct parallel means of association and bargaining, and we strive to act in the spirit of the UNGC principles.

Our commitment to foster workplace and gender equality goes to the core of our commitment as an employer. Allianz is a supporter of the U.N. Women's Empowerment Principles and the B Team's Principles for Equality which aim to ensure equitable, safe, and dignified workplaces that respect human rights and allow people to thrive.

We are committed to continue our work on the recommendations from the Human Rights Impact Assessment and to ensure we comply with all action points in line with the German Supply Chain Due Diligence Act and evolving European law focused on human rights.

05.5.1 How we manage human rights risks

To manage our human rights risks, we look across each of our roles as an insurer and investor, as an employer, as a company including our supply chain and as a corporate citizen.

For each of these roles, we embed specific processes to manage human rights risks and act on opportunities to drive positive change.

We also continuously engage with the B Team, UNGC, human rights-focused NGOs, and business across industries to exchange and better understand human rights topics.

We published our human rights approach embedded in the Allianz Group ESG Integration Framework in 2021. It highlights our human rights governance, most critical human rights risks, processes and measures in place to protect human rights, among others.

We continue to apply ESG and Human Rights Guidelines for sensitive countries across all business lines and core processes dealing with insurance, investment and procurement decisions.

Our first Human Rights Impact Assessment was carried out in 2021 based on UNGP's methodology to identify gaps in our approach.

In 2022, we continued to work on improvement points based on the findings of this assessment. Some of these improvement points include updating the DE&I policy and guidelines which contains detailed actions to drive gender balance and meet 2024 gender targets, as well as implementing an improved vendor code of conduct that covers human rights-relevant requirements.

Read Summary Report – Human Rights Impact Assessment.

Read the Allianz Group ESG Integration Framework.

Respecting human rights in our operations

The Allianz Code of Conduct reflects our values and principles and gives our employees guidance in their actions and decisions, including actions to uphold human rights such as treating people fairly and with respect.

For more details on employee rights, gender equality and diversity initiatives, see section 02.4.

Read the Allianz Group Code of Conduct.

In 2022, we updated our Vendor Code of Conduct to ensure suppliers meet our human rights standards and regulatory expectations in line with the

05.5 Our commitment to human rights

German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz). Specific areas of focus include discrimination in the workplace, child labor and providing a safe working environment.

Read the Vendor Code of Conduct.

We also created a Sustainability Charter to help our suppliers understand our supply chain strategy when it comes to sustainability and the expectations of being a partner of Allianz, now and in the future.

Read the Allianz Group Sustainability Charter.

42

ESG referrals were assessed under the human rights guideline in 2022

(2021: 46)

Human rights due diligence in our operations is a key part of our ESG referral and assessment process (see section 05.5.1). For procurement activities, a negative answer to human rights-related screening questions in the vendor integrity screening triggers sustainability assessment at Group level. These are published in the annex of the Allianz Group Vendor Code of Conduct.

Our Global Sourcing and Procurement function assesses current and potential suppliers to ensure they abide by the ESG guidelines outlined in the Allianz Vendor Code of Conduct (VCoC), which is aligned with ILO standards, UNGP and UNGC.

For more details on procurement topics, see section 02.6.

Allianz is also committed to compliance with the Modern Slavery Act in the U.K., both from the perspective of our U.K. business and the interactions of our wider Group. No issues were raised regarding human rights issues in accordance with the Modern Slavery Act in 2022.

Read the Allianz Group 2022 Statement on Modern Slavery.

A grievance mechanism is a key aspect of human rights due diligence in a company and it ensures alignment with UNGP guidelines. A grievance mechanism is a complaint channel through which external stakeholders can raise any potential human rights concerns. No cases of human rights violations were identified in Allianz's grievance mechanism process in FY 2022.

Access our grievance mechanism.

05.5.2 Integrating human rights into our core business

As a corporate insurer and investor, our human rights due diligence process forms part of our overall sustainability approach which is integrated into our broader risk management system.

We use a combination of sector and country-specific approaches to identify human rights risks.

Human rights-related due diligence has been integrated into all 13 sensitive business areas where relevant, to ensure that human rights are part of the overall risk assessment for insurance and investments in non-listed asset classes.

We maintain a mandatory referral list for sensitive countries where systematic human rights violations occur. For business transactions located in these countries, we carry out explicit due diligence in accordance with our Human Rights Guideline that covers various human rights violations.

Additional details on these human rights assessments can be found in section 02.1, table ESG-3.

In 2022, we carried out a review of the uman ights uideline and sensitive countries approach across all business lines and core processes dealing with insurance, investment and procurement decisions.

We engaged with NGOs and consulting companies specialized in human rights to understand external stakeholder expectations and perspectives. The work is still on-going and our updated approach to human rights is expected to be finalized in 2023.

In terms of our investments, if we identify an issuer in our listed investment portfolio that is flagged for human rights issues by our external sustainability data provider, we prioritize this issuer in our engagement process.

See section 02.2.

Data privacy

Allianz is committed to the highest standards of data protection and privacy compliance by handling personal data responsibly, transparently, with due care, and in a fair and lawful manner. To ensure we continue to uphold the privacy rights of our customers, employees, and other stakeholders, we have further enhanced the Privacy Monitoring and Assurance Program (PMAP) and continued to embed privacy within the business through our network of the privacy champions.

See section 04.1.2 on data privacy.

05.6 Our impact on the U.N. Sustainable Development Goals

We prioritize three U.N. SDGs – SDGs 8, 13, and 17 – which guide the integration of sustainability across Allianz and drive our contribution to societal, environmental and economic change. However, our business contributes to many other SDGs and the following table maps the relevant content of this report for each SDG.

	Page	1 No poverty	2 Zero hunger	3 Good health and well-being	4 Quality education	5 Gender equality	6 Clean water and sanitation	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities and communities	12 Responsible consumption and production	13 Climate action	14 Life below water	15 Life on land	16 Peace, justice and strong institutions	17 Partnerships for the goals
01 Introduction and strategy																		
01.1 Message from the CEO	05								●					●				●
01.2 Highlights 2022	07					●		●	●	●	●		●	●				
01.3 Company description and strategy	09																	
01.4 Our sustainability approach	10								●					●				●
01.5 Our climate approach	12							●		●	●			●				
01.6 Our social approach	14								●		●			●				●
01.7 Our sustainability integration approach	18							●	●	●				●	●	●		●
01.8 Our sustainability governance	21																●	
02 Measuring and managing sustainability																		
Sustainability in our business activities																		
02.1 Sustainability in insurance	27																	
02.1.1 Integrating sustainability in insurance	30							●	●	●				●	●	●		●
02.1.2 Natural disasters	30													●				
02.1.3 Climate change and decarbonization	32							●		●			●	●				●
02.1.4 Sustainable solutions	34			●				●		●	●	●		●				
02.1.5 Emerging consumers	36	●		●					●									●
02.2 Sustainability in proprietary investments	37																	
02.2.1 Integrating sustainability in proprietary investments	37													●				●
02.2.2 Climate change and decarbonization targets for proprietary investments	47							●		●	●	●		●				●
02.3 Sustainability in asset management	51		●			●			●					●				●
02.3.1 Allianz Global Investors progress	53								●					●				●
02.3.2 PIMCO's progress	54		●			●												
Sustainability in our organization																		
02.4 Human resources	57				●	●			●		●							
02.4.1 Learning and development	66				●	●			●									

05.6 Our impact on the U.N. Sustainable Development Goals

	Page	1 No poverty	2 Zero hunger	3 Good health and well-being	4 Quality education	5 Gender equality	6 Clean water and sanitation	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities and communities	12 Responsible consumption and production	13 Climate action	14 Life below water	15 Life on land	16 Peace, justice and strong institutions	17 Partnerships for the goals
02 Measuring and managing sustainability cont.																		
02.4.2 Strategic workforce planning	68				•	•			•									
02.4.3 Diversity, Equity and Inclusion	68					•			•		•							
02.4.4 Talent acquisition and employee engagement	71				•	•			•									
02.4.5 Health and well-being	72			•					•									
02.5 Customers	75								•				•					
02.6 Own operations	78						•	•	•			•	•	•	•	•		•
02.7 Corporate citizenship	85								•		•							•
03 Climate change related disclosure	90							•						•				•
04 Strengthening our foundation																		
04.1 Cybersecurity	120								•	•							•	
04.1.1 Information security	120																	
04.1.2 Data privacy	120																•	
04.1.3 Data ethics	122								•									
04.1.4 Cyber risk	123									•								
04.2 Regulatory and public affairs	124													•			•	•
04.3 Compliance	125																•	
04.4 Tax transparency	129																•	•
05 Our universal principles																		
05.1 Target and objective tables	131																	
05.2 How we report: transparent reporting, ratings and performance	142												•					
05.3 Stakeholder engagement	146								•				•					•
05.4 Our expanded sustainability governance	148													•			•	
05.5 Our commitment to human rights	154					•			•								•	
05.6 Our impact on the U.N. Sustainable Development Goals	156	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
05.7 Materiality analysis	158																	

In 2022 the SDG mapping was reviewed to better reflect activities and Allianz's focus in sustainability.

05.7 Materiality analysis

To make a positive impact and manage our potentially detrimental impacts, we must understand and respond to the changing context in which we operate.

Our materiality assessment enables us to stay on top of trends and align our approach, reporting and strategy with the sustainability issues that are most important to our stakeholders and our business.

The assessment ensures that we focus on the risks, opportunities and issues that matter most to our key stakeholders, and which we can influence.

We aim to implement a robust materiality analysis process that meets regulatory (CSRD)[1] and reporting (GRI) requirements. Our target is to conduct a comprehensive update of the materiality analysis every three years in line with regulatory, reporting and rating agency guidelines.

We intend to undergo, latest for fiscal year 2024, a comprehensive materiality assessment process which will be in accordance with the Corporate Sustainability Reporting Directive (CSRD) provisions, which will include identifying material sustainability matters from an impact perspective (our impact on the environment and people) and a financial perspective (risks and opportunities related to sustainability matters).

For 2022, there were no significant changes to the process or list of material topics compared to the previous year.

Materiality assessment process

Our most recent assessment was carried out in 2021 in line with the 2016 GRI Standards requirements and is still applicable for 2022.

Our assessment approach used a variety of data sources and we improved our methodology in 2021 by increasing the number of data sources and the number of data points within these sources.

1. **Identification:** We identified a list of sustainability topics that impact the economy, environment and society. These were tailored to our business through a desk-based review of our own prior material topics, peers' materiality matrices, a media review using the HLG Brand Pressure Index and RepRisk data, NGO-relevant topics using SigWatch data and independent expert opinion from a specialist consultancy according to their significance.
2. **Prioritization:** We engaged with stakeholders including NGOs, employees and customers through interviews, surveys and workshops to prioritize the list of material topics.
3. **Analysis and validation:** We aggregated and analyzed data, integrating the results into a materiality map, and presented results to the internal expert pool of representatives including Group Risk, Group Communications, Group Compliance, Group Legal, Group Accounting and Reporting, as well as Global Sustainability. This group also provided the final judgment of outcomes.

For a full description of the materiality assessment process we followed, refer to page 101 of our 2021 Sustainability Report.

05.7.1 Our material issues

Our assessment in 2021 identified 19 material issues which were prioritized as either having high or medium importance.

Topics are ranked and presented in a materiality matrix along two axes according to stakeholder views on their importance to society and to our business.

The topic 'animal welfare standards' was removed from the list of prioritized topics because it was deemed irrelevant for our business model and for our key stakeholders.

Three new topics were included in 2021 materiality assessment:

- Diversity and inclusion;
- Responsible tax; and
- Data and Artificial Intelligence (AI) ethics.

All topics in the materiality matrix relate to sustainability and several are linked to our sustainability strategy pillars, including:

E: Our climate approach – climate change, environmental footprint in our operations.

S: Our social approach – financial inclusion, local community engagement, human rights, diversity, equity and inclusion.

G: Our approach to sustainability integration – ethics and responsible business, data and AI ethics, data privacy, cybersecurity, sustainability integration into products.

The top three most material issues for all our key stakeholders and our business are:

1 Climate change

2 Ethics and responsible business

3 Cybersecurity

For the full list of material topics, see next page.

1 Corporate Sustainability Reporting Directive.

05.7 Materiality analysis

05.7.2 Priorities for 2021 ongoing

While all material ESG topics are important to address, several topics have risen or emerged as potentially new priorities for the next one to two years until the next assessment takes place. The full list of material topics assessed in 2021, which are considered still relevant and material for 2022, include:

	2021 rank	2019–20 rank	ESG topic
	1	1	Climate change
⬆	2	11	Responsible business ethics
⬆	3	12	Cyber risks
⬆	4	15	Health and healthcare access
	5	3	Environmental impacts
⬆	6	NR	Diversity and inclusion
	7	5	Human rights
	8	9	Data privacy
	9	4	Talent attraction and retention
	10	2	ESG integration into products
⬆	11	NR	Responsible tax
	12	13	Customer and product safety
	13	6	Social and financial inclusion
	14	7	Customer innovation
	15	17	Local community impact
	16	10	Social and political unrest
⬆	17	NR	Data and AI ethics
	18	8	Natural disasters
	19	16	Demographic change
	20	14	Animal welfare standards

⬆ New or emerging priorities for 2021
From 2019–2020
New for 2021
Removed in 2021 (peer group feedback)

05.8 Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information

To Allianz SE, Munich

We have performed a limited assurance engagement on the disclosures in the sustainability report of Allianz SE, Munich (hereinafter "the Company"), for the period from January 1, 2022 to December 31, 2022 (hereinafter the "Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria").

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures in the Report based on the assurance engagement we have performed. Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Report. Furthermore, we did not perform any procedures on any forward-looking statements such as projections and forecasts.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from January 1, 2022 to December 31, 2022 have not been prepared, in all material aspects, in accordance with the GRI-Criteria.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Assessment of the process for conducting the materiality analysis in accordance with the GRI criteria
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria

05.8 Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information

- Analytical evaluation of selected disclosures in the Report
- Evaluation of the presentation of the selected disclosures regarding sustainability performance
- Description of significant inherent limitations in measuring or evaluating the underlying subject matter against the relevant GRI-Criteria

Assurance conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from January 1, 2022 to December 31, 2022 have not been prepared, in all material aspects, in accordance with the GRI-Criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Munich, 28 February 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger

Wirtschaftsprüfer (German Public Auditor)

Hendrik Fink

Wirtschaftsprüfer (German Public Auditor)

Imprint

Publisher

Allianz SE
Group Accounting and Reporting
Global Sustainability
Königinstraße 28
80802 Munich
Germany

www.allianz.com
sustainability@allianz.com

Project responsibility

Moritz Ehrenfeld
Group Accounting and Reporting
Allianz SE

Design, concept and production

Radley Yeldar, London, U.K.
ry.com

We would like to thank all our colleagues and partners who have supported and contributed to the creation of this report.

Date of publication: 3 March 2023

Click here to view the SASB Content Index.

Photo credits

Allianz internal images

Net Promoter Score®

'Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld. Net Promoter Score® and Net Promoter System® are service marks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.'

Click here to view the WEF Metrics Index.

Cautionary note regarding forward-looking statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

The company assumes no obligation to update any forward-looking statement.

We welcome your views

We warmly invite all our stakeholders to provide feedback and comments on our Sustainability Report:

sustainability@allianz.com

Supporting Sustainability Report documents

Click here to view the GRI Content Index.

Click here to view the Explanatory Notes.

Allianz SE
Königinstraße 28
80802 Munich
Germany

www.allianz.com/sustainability