

Resilience Analysis

The capacity to address identified material impacts and risks and take advantage of Allianz's material opportunities determines our resilience toward environmental, social, and governance matters, and is key for our strategy and business model.

For identified material impacts, Allianz has a governance structure to embed and deliver sustainability objectives across our global business, organization, and value chain, where applicable. This includes Group-wide binding rules via the Allianz Corporate Rules Book, setting targets, and adopting actions in our sustainability processes to address adverse impacts and continue delivering positive impacts.

Regarding the analysis of our overall resilience to sustainability matters that could pose material risks, the ESG risk inventory conducted in 2024 forms an integral part. The ESG risk inventory captures the many ways in which Allianz's business can be negatively impacted across all value chain dimensions by sustainability matters over the short, medium, and long term. It is based on a qualitative approach uniformly applied to all dimensions and sub-dimensions of the value chain and all sustainability matters specified by the ESRs. For each material risk in the risk inventory, the business functions must identify the mitigation measures to be applied and confirm their adequacy. These may be business processes that deal specifically with environmental, social, and governance topics, such as sustainability due diligence processes, that address both impacts and risks. These can also be general business processes, such as non-financial risk management processes, insofar as they deal with environmental, social, and governance issues. For medium- to long-term risks, mitigation measures can also be projects and initiatives that specifically address emerging environmental, social, and governance issues, such as the Green Building Initiative in property insurance. The broad diversification of Allianz's business model, risk management, and capitalization – combined with the business functions' assessment of the materiality of sustainability risks and the processes to manage them – confirm the resilience of our strategy and business model in terms of its ability to manage its material sustainability risks. For material climate change risks, further information on the resilience of Allianz's balance sheet, using scenario analysis, is presented in the section [2.1 Climate change].

For identified material opportunities, we ensure capacity by establishing clear ties to our strategy, securing the right priority to pursue them and take advantage of their likely materialization.

Financial effects

Effects of identified material risks and opportunities can affect Allianz's financial position, financial performance, and cash flows over the short, medium, and long term. Current financial effects are those effects that are recognized in our primary financial statements for the current reporting period, i.e., as of 31 December 2024. Generally, disclosures related to the financial effects of material sustainability matters are included in our financial statements as required by the IFRS, which we apply as financial accounting principles. The overall impact of material risks and opportunities on the primary financial statements in the current reporting period is limited.

We do not see significant risks of material adjustments within the next annual reporting period to the carrying amounts of assets and liabilities due to recognized material risks and opportunities of the current reporting period. In general, our assets most at risk of material adjustments are our proprietary investments. Regular impairment tests and calculations are performed to reflect a current market and fair value view in the recognized asset balances. The same scrutiny is applied for other assets, such as our real estate held for investment, fixed assets from alternative investments, and intangibles and goodwill. As a global (re)insurer, our liabilities are dominated by (re)insurance contracts, which are accounted for under the insurance accounting provisions of IFRS 17. The IFRS 17 measurement models are based on estimates of present value of future cash flows, which comprise all cash flows expected to arise as the (re)insurance contract is fulfilled. In estimating these future cash flows, we incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. Details on our accounting principles can be found in [note 2] to the consolidated financial statements.

Process to identify and assess material impacts, risks, and opportunities

The CSRD DMA follows the double materiality principles as per the CSRD/ESRS, as well as the EFRAG Implementation Guidance on the value chain and materiality assessment from May 2024. The CSRD DMA identifies material impacts, risks, and opportunities that (may) arise in the short (up to one year), medium (from one to five years), or long term (more than five years), or a mix thereof. In terms of topical scope, the CSRD DMA covers both the sustainability matters addressed by the topical ESRS as well as Allianz-specific sustainability matters not sufficiently covered therein, while considering (potential) significant differences between Allianz subsidiaries.

The DMA process includes multiple iterations of feedback and validation rounds with internal business owners and experts. It is informed by our sustainability-related processes and guidelines, implemented to address material impacts, risks, and opportunities. A yearly review and update of our CSRD DMA ensures evolving regulations and methodology are incorporated, while increasing the availability of portfolio-specific data where possible. This includes necessary recalibration steps by incorporating the most recent Allianz portfolio information, input from external data sources, and internal experts' views.

Identified and assessed material impacts, risks, and opportunities serve as the foundation to define our prioritization strategy for setting policies, actions, and targets, where applicable, and to determine the adequate monitoring and steering level and frequency.

We also engage in regular dialogue with key stakeholder groups that are impacted by our business, including affected communities. For details, please refer to the section [Interests and views of stakeholders].

Details on how we identify and assess material impacts, risks, and opportunities can be found in the section [Methodology and process to identify and assess material impacts, risks and opportunities].

ESRS disclosure requirements covered by the Sustainability Statement

Allianz's identified material sustainability matters trigger different disclosure requirements, datapoints, and metrics, which form the basis of our Sustainability Statement. We closely follow the ESRS provisions when setting our reporting boundaries, while at the same time considering the qualitative characteristics of the reported information, which encompass relevance, faithful representation, comparability, verifiability, and understandability. Metrics or qualitative information are only omitted when such information is not material in line with CSRD DMA, or is not applicable for Allianz and its business model as a financial undertaking.

A detailed list of the disclosure requirements complied with in our Sustainability Statement can be found in the section. The section includes all datapoints that are derived from other European Union (E.U.) legislation.