

Motor retail insurance

For motor retail insurance, our target is to reduce the absolute carbon emissions within our in-scope portfolio by 30% by 2030 compared to our 2022 baseline. The target covers nine key European markets, namely Austria, Belgium, France, Italy, Germany, the Netherlands, Spain, Switzerland, and the UK. For 2024, the in-scope portfolios within these markets represented 53% of the motor retail premiums in the same year. These markets were chosen to focus on the most relevant and largest motor markets for Allianz where adequate and reliable data was available. The in-scope portfolios were classified in line with the PCAF standard for personal motor. The target only covers CO₂ emissions, in line with the data which is currently available.

Our target setting is aligned with pathways to limit global warming to 1.5°C and was informed by market decarbonization, modelled using scenarios from an external data partner. The pathways simulated developments in the motor market and ranged from an "as is" status to a "net-zero" status by 2050. We took a conservative view on potential emission reductions from continued real-world changes and focused on developing decarbonization levers to bridge the gap between market changes and the total required emission reduction to align with our 2030 targets. When setting the targets, we considered future developments such as: decarbonization of the real economy and implementation of government decarbonization commitments, as well as changes in customer behavior such as driving less or the increased use of public transport/e-mobility. When considering potential initiatives, we took into account future projections in the nine in-scope markets, including energy usage, vehicle usage, and vehicle types. Our initiatives therefore balance the improvements we expect to see in the respective markets with Allianz's actions aimed at closing the gap to our stated targets. We will thereby actively steer our in-scope portfolios to be more sustainable whilst benefiting from changes we predict from market behavior. For further information, please refer to the section *Climate Change Strategy and Net-Zero Transition*.

Stakeholders leading the decarbonization topic in each market were involved from the outset, from initial baselining activities to the road-testing of the proposed and final targets. The targets were developed with the support of experts within in-scope subsidiaries and reviewed by the Group Sustainability Board. This was followed by the final approval of the Board of Management. For the motor retail IAE baseline, the GHG inventory boundary is the nine European markets described above, which is consistent with the scope of the CO₂ emission reduction target. Currently, we have defined an entity-specific metric to calculate the Scope 1 and 2 emissions of customers using the PCAF methodology. Allianz will continue to use PCAF as the standard for calculating insurance-associated emissions while reporting on the target progression to ensure the consistency and replicability of the reported values. A yearly calculation of the insurance-associated emissions of the target portfolio is performed and reported, with in-scope markets providing quarterly updates throughout the year. The main metric to be compared year-on-year will be the absolute emissions of the in-scope portfolios. In addition, for the insured customers decarbonization lever, an analysis of the real-world economy (e.g., customer CO₂ emission reduction and implementation of governmental commitments) is compared with the expected reduction. For the portfolio steering lever, the change in absolute emissions will be calculated and attributed to the respective actions. The changes will then be compared with the relevant expected CO₂ reduction contribution ranges.

We selected 2022 as the baseline year for our insurance targets as it is the most recent year with the best data availability and was not significantly impacted by COVID-19. Setting an emission reduction target for the underwriting portfolio is aligned with the objectives of the ASU and demonstrates corporate responsibility and safeguards against reputational risks by actively mitigating the company's environmental impact. The target also fosters environmentally conscious decision-making, thereby developing sustainable business opportunities. Additionally, it builds resilience by preparing the company for stricter future regulations and market demands for lower emissions, ensuring adaptability in a transitioning economy.

Decarbonization levers and actions related to climate change mitigation for our insurance portfolio

For both commercial and motor retail insurance, we have two decarbonization levers: insured customer decarbonization and portfolio steering.

Commercial insurance

For commercial insurance, there are four key actions that contribute to the decarbonization levers.

Insured customers decarbonization

The customer decarbonization action refers to the change in a customer's own emission intensity. The customer's emission intensity is the absolute GHG emissions of the customer (tons of CO₂e) divided by their revenue (€). Customer decarbonization relies entirely on changes occurring within the customer's business, independent of any underwriting decision or action taken by Allianz. The contribution of this action is the percentage difference of insurance-associated emissions assuming the same portfolio composition as the baseline year, but with customer emission intensity values of the current year.

Engagement on net-zero transition

Engaging our customer on advancing the net-zero transition is an important priority. We conduct three types of engagement with our customers:

Through Transition Engagements, we seek dedicated exchanges with selected insured companies in high-emitting sectors. For this action, we have set a target to have extensive and focused engagements with two to three customers every year on their net-zero strategies. The purpose is to discuss the alignment of their decarbonization strategy and objectives with Allianz's net-zero commitment for its underwriting portfolio. For these engagements, we will target and screen our portfolio for high-emitting companies who have not yet developed science-based net-zero strategies for 2050.

Furthermore, we are conducting Transparency Engagements with customers on their climate and sustainability reporting efforts to increase the amount of high-quality GHG data for measurement of our own GHG footprint and further understand the management of emissions by our customers. In 2024, we started engaging customers in Germany and the UK.

Finally, we are conducting knowledge-sharing engagements with customers in hard-to-abate industries. In 2024, we continued to engage with customers in the aviation and marine sectors on decarbonization strategies and technologies.

The AGCS sustainability team assists with the selection of engagement candidates and prepares the engagement interactions, which are conducted jointly with the distribution and underwriting teams.

Since we cannot quantify the contribution of engagements on the decarbonization of our commercial insurance portfolio, we do not report a separate value for this action.