



COLLABORATING FOR A SUSTAINABLE FUTURE

ALLIANZ GROUP
SUSTAINABILITY REPORT 2019

Allianz 

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Disclaimer regarding rounding

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


WHAT IS NEW IN THIS REPORT?

In line with the findings of our new materiality assessment, we have adjusted the structure of this report to focus on how Allianz governs sustainability strategically and how it is integrated across its business activities and corporate operations. We have added new discussions of Allianz's approach to cyber risk insurance, natural catastrophe insurance and data privacy and protection.


This report is aimed at specialist sustainability audiences and we target other publications, such as our sustainability brochure and website, towards non-expert customers and employees.

COMMUNICATING OUR PERFORMANCE

We communicate our performance in four ways:

- through tables and charts throughout the report;
- references to GRI standard disclosures are tagged using this icon; 

- references to the U.N. Sustainable Development Goals (SDGs) are tagged using the respective SDG icons. The size of each icon indicates the level of impact Allianz can have with its activities; and

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

ABOUT THIS REPORT

For information on the scope and parameters of this report, please see section 06.7.

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01 INTRODUCTION



With millions of customers worldwide, Allianz has grown to be one of the world's largest insurers, investors and assistance providers. This enables Allianz to protect customers locally while offering an increasingly diverse global portfolio of products and services that meet customers' needs and the needs of wider society.

Allianz stands for trust and strives for profitable and sustainable growth that ensures everyone who belongs to its community benefits.

Allianz SE and its subsidiaries (Allianz Group) offer property and casualty insurance, life and health insurance, and asset management products and services in over 70 countries, with the largest of our operations located in Europe. Allianz Group insures over 100 million private and corporate customers.



INTRODUCTION

01.1 MESSAGE FROM THE CEO



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Oliver Bäte
Chief Executive Officer
Allianz SE

On January 21, 1890, Allianz issued its first policy in Berlin to one of its founders.

Today, we have about 100 million customers across the globe with annual revenues of 142.4 billion euros.

Over the past 130 years of our existence, we have witnessed the emergence and disappearance of a number of companies and even industries and overcome several crises, some of which were severe. But we have prevailed and even come out stronger. However, one thing that has stayed constant for us throughout is our determination to do our business in a sustainable manner and to support our customers in their quest for lasting success.

That will not change going forward – we will continue to secure the future of our customers and society sustainably.

Of course, the face of sustainability has changed over time. In these pages, you can read about our current focus topics, the principles that guide us, the framework that we have set up to achieve our ambitions, and the progress we made in 2019 towards our goals.

Our foundational values of solidarity and cooperation are embedded in our name Allianz, which is the German word for ‘alliance’. Like always, we are collaborating closely with not just

our employees, agents and customers but also governmental and social organizations on our environmental, social and governance (ESG) strategy. This spirit of collaboration is reflected in the title of this report – “Collaborating for a Sustainable Future”.

It’s encouraging to see that our efforts are being noticed. 2019 was the third straight year that we topped the Dow Jones Sustainability Index in the insurers category. Last year, we were also named the world’s top insurance brand by Interbrand.

These honors show that we are not alone in our belief that we are headed down the right path, even if the destination is some distance away.

I would like to take this opportunity to highlight one of last year’s initiatives that has kept me busy recently. Our involvement in the United Nations-convened Net-Zero Asset Owner Alliance is particularly close to my heart. It’s a partnership of institutional investors, including pension funds and insurers, who are committed to reducing greenhouse gas emissions of their investment portfolios to net zero by 2050.

Our involvement in this came from a simple question: How can we, as a financial services provider with considerable reach and a worldwide presence, act as a catalyst in the global movement to reduce emissions?

What does our involvement mean specifically? Among other things, we are talking to companies whose securities we hold in our portfolios. These talks focus on how they can best incorporate sustainability into their operations. Our aim is to create an effective engine that gradually steers the larger economy towards carbon neutrality and consequently, slows down climate change.

Another initiative I would like to tell you about is the Global Investors for Sustainable Development, which is also convened by the U.N. The group of 30 business leaders aims at leveraging the insights of the private sector to remove hurdles and implement solutions for mobilizing resources for sustainable

development. As vice chairman of the group, I see this as an important step towards helping the U.N. realize its Sustainable Development Goals (SDGs).

It pleases me to know that our employees strongly believe in our vision. This becomes obvious if you look at the strong participation last year in the Allianz World Run, an employee initiative to raise funds for our partner SOS Children’s Villages. In 2019, the fourth edition of the run mobilized 12,300 runners from 98 countries. Together, they covered a total distance of 1.6 million kilometers. The funds raised will help SOS Children’s Villages support many underprivileged children in their journey to adulthood.

These projects are just a few I wanted to highlight. You will find details of many more of our initiatives in this report. The extensive data section will give you a clear look into what material we use for making our decisions.

Why do we consider this non-financial report so important? Because we believe that the more our efforts are recognized and the more transparent we are about our plans, the greater the chances of others being encouraged to consider adopting sustainable strategies.

Despite the disruptions caused by the recent unforeseen events, it is possible for all of us to together slow down climate change, encourage global progress, and develop an equitable society over the long term.

Now wouldn’t that be the greatest gift we can give to our children?

Chief Executive Officer
Allianz SE

INTRODUCTION

01.2 OUR BUSINESS MODEL

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Allianz's structure reflects both its business segments and geographical regions:

Business activities are organized by product and type of service: insurance activities, asset management activities, and corporate and other activities.

Due to differences in the nature of products, risks, and capital allocation, insurance activities are further divided into Property-Casualty and Life/Health categories.

INSURANCE OPERATIONS

Allianz offers a wide range of Property-Casualty and Life/Health insurance products to both retail and corporate customers:

The Property-Casualty business segment includes motor, accident, property, general liability, travel insurance and assistance services.

The Life/Health business segment offers savings and investment-oriented products in addition to life and health insurance.

Allianz is a leading Property-Casualty insurer worldwide and is ranked amongst the top five in the Life/Health insurance business.

Most insurance markets are served by local Allianz companies. Key markets (in terms of premiums) for both Property-Casualty and Life/Health insurance are Germany, France, Italy and the U.S.

Some business lines – such as Allianz Global Corporate & Specialty (AGCS), Allianz Partners (AP) and Credit Insurance – are run globally.

ASSET MANAGEMENT

Our two major investment management entities, PIMCO and AllianzGI, operate under the governance of Allianz Asset Management (AAM). We are one of the largest asset managers in the world that actively manage assets.

Asset management offerings cover a wide range of equity, fixed income, and alternative investment strategies, products and solutions.

Our core markets are the U.S., Germany, France, Italy, the U.K. and the Asia-Pacific region.

CORPORATE AND OTHER

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

[For more information on Allianz's business model, corporate governance and markets served, please refer to the Group Annual Report 2019.](#)

INTRODUCTION

01.3 OUR CORPORATE STRATEGY

CORPORATE STRATEGY

Allianz Group seeks to position itself as one of the world's most trusted financial services providers and a global sustainability leader.

We want our stakeholders to know Allianz as a financially stable, responsible and trustworthy company that embraces sustainable business as good business. Allianz's purpose 'We secure your future' guides our work and actions and expresses why we exist in the world. It underscores the impact Allianz has on society by taking uncertainty out of the equation and driving change in the right direction. To live up to its purpose, Allianz pursues the strategic objectives to Outperform, Transform and Rebalance:

OUTPERFORM its competitors, both traditional and emerging, in terms of growth and profitability as well as customer and employee satisfaction.

TRANSFORM its organization to become: simple by streamlining products and processes; deeply digital thanks to high-performing systems, data analytics and AI; and scalable via process and product harmonization and network effects.

REBALANCE its portfolio towards large, profitable and fast-growing geographies and business segments.

Allianz's updated corporate strategy ensures it delivers these goals as one of the most responsible insurance and investment businesses in the world. It includes ambitious targets for the time period 2019 – 2021 and aims to go further in the medium- and long-term.

The strategy is implemented through our change initiatives of the Renewal Agenda. The Renewal Agenda 1.0, was further developed in 2019 to become 'Simplicity wins – Renewal Agenda 2.0', which consists of the following five pillars:

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	RENEWAL AGENDA 1.0	RENEWAL AGENDA 2.0
CUSTOMER CENTRICITY	Customer-centric culture	Intuitive products and services Loyalty leadership
DIGITAL BY DEFAULT	IT consolidation Digital buyable products and customer interface	Legacy-free operations Multi-channel access
TECHNICAL EXCELLENCE	Portfolio optimization and ALM focus	Data-driven product design, pricing and claims
GROWTH ENGINES	Some rebalancing	Systematic rebalancing
INCLUSIVE MERITOCRACY	Stronger collaboration and 'what & how' leadership	Beat-the-best mindset and incentives Digitally literate, agile and lean organization

Our Corporate Strategy



To deliver our Renewal Agenda 2.0, we set clear annual targets:

TARGETS 2019	RESULTS 2019	TARGETS 2021
3-year Earnings per Share (EPS) growth with a compound annual growth rate (CAGR) of 5%	8.4% ¹	5% plus o/w 4% plus organic
Total Return on Equity (RoE) ² of 13%	13.6%	13% plus
At least 75% of our businesses to be rated by their customers as Loyalty Leader in terms of Net Promoter Score	70%	75% plus
Increase our Inclusive Meritocracy Index (IMIX) to at least 73%	73%	73% plus

¹ 8.4% represents the growth rate from 2018 to 2019. 5% compound annual growth rate target is for the full 2018 to 2021 period.


² Represents the ratio of net income attributable to shareholders to the average shareholders' equity excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning of the year and at the end of the year.

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CLIMATE CHANGE

 **NET ZERO**
ASSET OWNER ALLIANCE

commitment to reduce investment portfolio greenhouse gas (GHG) emissions to net-zero by 2050
Read more in section 02.2

 **1.95GW**

generating capacity from 99 wind and solar investments
Read more in section 03.2

 **LISTED EQUITY PORTFOLIO CARBON FOOTPRINT**

disclosed for the first time
Read more in section 05

ENCOURAGING FUTURE GENERATIONS

 **OVER 115,000**
volunteering hours
in 2019
Read more in section 04.9

SUSTAINABLE SOLUTIONS

 **€29.4 bn**
sustainable investments,
up 17% on last year
Read more in section 03.2

 **203**
sustainable solutions
generating revenues
totaling €1.33 bn
Read more in section 03.4

PEOPLE

 **37.9%**
of managers
in the core business are female
Read more in section 04.1

 **EMPLOYEE SHARE PURCHASE PROGRAM**

extended to 11 more countries
Read more in section 04.1

ENVIRONMENT, SOCIAL AND GOVERNANCE

 **602**
assessments
of ESG risks
Read more on page 12


 **49**
engagements
with investee companies
Read more on page 32

LEADING THE INDUSTRY

 **No. 1**
insurer in the Dow Jones Sustainability Index for the third consecutive year

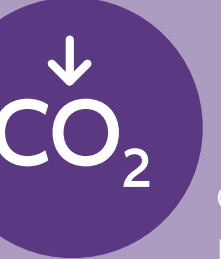
 **No. 1**
insurer in the 2019 Interbrand Best Global Brand Rankings


MATERIALITY



More robust
materiality assessment
to inform our strategy and reporting
> page 14

ENVIRONMENTAL MANAGEMENT

 **-35%**
overall GHG emissions reduction per employee since 2010 against a 2020 target of **-30%**

 **-53%**
paper reduction since 2014 against a 2020 target of **-40%**

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02 SUSTAINABILITY STRATEGY AND GOVERNANCE



Allianz aims to be one of the most trusted financial services providers, which means creating sustainable economic value through commitment to strong corporate governance and transparent performance.

Allianz believes that building a sustainable business means increasing transparency and fostering dialogue about how it operates. Our corporate responsibility approach and commitments guide all Allianz business worldwide to respond to societal challenges and drive continuous improvement.

Our Corporate Responsibility Strategy is focused on embedding sustainability in all business activities and using our roles as an insurer, investor and asset manager to manage the risks posed by climate change and to foster a more inclusive society.

No. 1
insurer in
the Dow Jones
Sustainability Index

Materiality
New assessment
carried out in 2019

SUSTAINABILITY STRATEGY AND GOVERNANCE

02.1 CORPORATE RESPONSIBILITY APPROACH

We are working to align the Corporate Responsibility approach with the Renewal Agenda 2.0 and to drive implementation and continuous improvement across the Group.

The approach is focused on three key areas, on which more information is provided in the following pages:

CLIMATE CHANGE AND DECARBONIZATION

Using our roles as an insurer, investor and asset manager to help manage the risks arising from climate change and to promote the low-carbon economy.

Allianz's Climate Change Strategy (see section 02.2) lies at the heart of its business model that aims to protect people and businesses from risk.



SOCIAL INCLUSION

Using our roles as an insurer, investor, employer and corporate citizen to contribute to more inclusive societies.

Encouraging Future Generations (see section 02.3) is Allianz's Corporate Citizenship program that is promoting social inclusion of young people worldwide.



ESG BUSINESS INTEGRATION

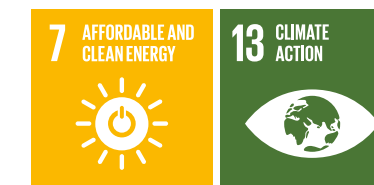
Managing material environmental, social and governance (ESG) risks and seizing opportunities, while embedding compliance, responsible sales, transparency as well as data protection and privacy across all areas of our business.

The Allianz ESG approach (see section 02.4) ensures ESG integration in all insurance business and investments of proprietary assets.



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02.2 CLIMATE CHANGE AND DECARBONIZATION



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Limiting global warming and mitigating climate change is a top priority for Allianz. We are committed to helping to deliver the 2015 Paris Climate Agreement and believe that reaching its goal calls for rapid decarbonization of the global economy towards net-zero emission levels by 2050.

As one of the world's largest insurers and institutional investors, Allianz has the opportunity and the responsibility to use its global leverage to help achieve the Paris Agreement's goals and ensure a fair transition to a low-carbon future.

CLIMATE CHANGE STRATEGY

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

1. WE ANTICIPATE THE RISKS OF A CHANGING CLIMATE.

Allianz identifies and manages climate-related risks and opportunities as part of its business strategy and through its financial products and services by:

- Systematically considering climate and sustainability criteria in its insurance and investment business. Allianz stopped financing coal-based business models and no longer provides insurance for the construction and/or operation of single coal-fired power plants or coal mines.
- Committing to fully phase-out coal-based business models across its proprietary investments and P&C insurance portfolios by 2040, at the latest.

- Improving transparency around climate-related disclosures and working to further align strategy and reporting with the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).
- Ensuring active dialogue with investee companies on the definition and implementation of climate strategies.
- Engaging with policymakers to drive sustainable finance and achieve the Paris Agreement and the U.N. SDGs.

2. WE CARE FOR THE CLIMATE-VULNERABLE.

Allianz supports its customers to reduce risks and minimize damage, compensates those who have suffered losses, and insures low-carbon developments.

It works with peers, governments and the civil society to manage climate risks and 'close the protection gap', specifically in most vulnerable developing countries. Allianz also supports scientific research and innovation that improves society's understanding of climate-related risks.

[Find out more on the Climate and Renewables insurance in section 03.1.2.](#)

[Find out more about the Allianz Climate Risk Research Award online here.](#)

3. WE ENABLE THE LOW-CARBON TRANSITION.

Allianz joined forces with other asset owners through the U.N.-convened Net-Zero Asset Owner Alliance (AOA) to collaboratively support companies in their low-carbon transition.

[Find out more on the AOA on page 10.](#)

Allianz has committed, through the Science Based Targets initiative, to set long-term climate goals for its proprietary investments and business operations, linked to the Paris Agreement's goal and committed to reach net-zero greenhouse gas (GHG) emissions in its proprietary investment portfolio by 2050.

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

Allianz is committed, through the RE100 initiative, to minimizing the environmental impacts of its business operations and is actively pursuing its commitment to source 100 percent renewable power for its group-wide operations by 2023.

[Find our disclosure on climate-related risks and opportunities in section 05.](#)





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U.N.-CONVENED NET-ZERO ASSET OWNER ALLIANCE

The financial sector has a crucial role to play in enabling society to tackle the climate crisis - including by taking responsibility for its part in limiting global warming to 1.5°C, compared to pre-industrial times. Business must transition to net zero and low-carbon business models. For asset owners, this means decarbonizing investment portfolios by reducing GHG emissions in the real economy. By doing so, investors like Allianz can create real impact and a societal shift towards climate protection.

At its Climate Change Summit in September 2019, the U.N. launched the U.N.-Convened Net-Zero Asset Owner Alliance to bring together the world's largest asset owners such as pension funds, insurers and sovereign wealth funds. Together, they have committed to reduce GHG emissions of their investment portfolios to net-zero by 2050.

Allianz is a founding member of the Alliance and as such working closely with the other members and the United Nations Environment Program Finance Initiative (UNEP FI) as well as the Principles for Responsible Investment (PRI). Additional partners for the U.N.-Convened Net-Zero Asset Owner Alliance are the WWF and the Mission 2020 campaign.

Driving transparency and best practice – towards net-zero

By the end of 2019, the Alliance included 16 asset owners from across the globe, who are collectively responsible for more than 3.8 trillion U.S. dollars of assets under management.

Members are working to set intermediary decarbonization targets every 5 years for their portfolios starting with a 2025 target. They are also engaging with portfolio companies and advocating for sector-wide transition to a low carbon economy.

As a next step, members have committed to carry out and disclose portfolio baseline assessments and develop climate strategies and action plans, including trajectories. In addition, they will work together to define best practice to reduce GHG emissions by engaging with portfolio companies and with governments on public policies.

The Alliance will report publicly on progress against targets. The first quantitative joint report will be published by December 2023, with individual members' portfolio targets for 2025 being planned for announcement in 2020.

“The entire global economy, including societal actors from governments, corporations and the financial sector, must collaborate to limit global warming. Asset owners like Allianz play an important role in bringing together the actors required to address climate issues and to lead by example. That is why we are a founding member of the UN-Convened Net-Zero Asset Owner Alliance and have committed our portfolio to be aligned with a maximum 1.5°C temperature rise.”



Günther Thallinger

Chair of the U.N.-convened Net-Zero Asset Owner Alliance

Member of the Board of Management of Allianz SE Investment Management, ESG

Find out more online:

[U.N. Environment's AOA Website](#)

[Allianz's AOA Website](#)

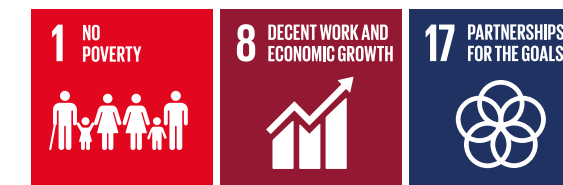
Watch related videos:

[Oliver Bäte's announcement at the Climate Action Summit 2019](#)

[U.N. Secretary-General António Guterres' closing statement at the Climate Action Summit 2019](#)

[Christiana Figueres, Executive Secretary of the United Nations Framework Convention on Climate Change, and Günther Thallinger talking about the AOA at the World Economic Forum 2020](#)

02.3 SOCIAL INCLUSION



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According to the World Economic Forum, social instability and polarization of societies pose an increasing global risk. As a global insurer and investor, Allianz relies on the principal of solidarity. We promote social inclusion through our Corporate Citizenship programs which focus on empowering children and youth.

Civil unrest, social tensions and societal upheaval pose a major business risk for Allianz and have significant cost implications for the insurance industry and society as a whole.

In the context of ESG integration, Allianz places a key focus on improving social inclusion. It drives its contribution to a number of the U.N. SDGs, namely: SDG 1 No Poverty; SDG 8 Decent Work and Economic Growth; and SDG 17 Partnerships for the Goal.

Allianz's Corporate Citizenship Strategy is shaped by the outcomes of its materiality analysis. The strategy provides a framework for all corporate citizenship activities across the Group.

With 13 foundations around the world, Allianz contributes to a wide range of philanthropic activities (see section 04.9). Together, these foundations enable Allianz to support a wide range of initiatives while recognizing that each country has different social needs and priorities. Allianz's operating entities and 13 corporate foundations therefore adapt the strategy to meet local needs and priorities.

Corporate citizenship activities in general have been shown to contribute to improvement employee satisfaction and customer satisfaction. This reflects the potential of corporate citizenship activities to improve our reputation and employer brand.

Within its corporate citizenship activities, the Encouraging Future Generations Program is Allianz's global lighthouse program. It includes an ambition to increase the number of children and youth benefited by 20 percent by 2020 (baseline 2018). The program is focused on the following three priority projects and partnerships:

1. Working with social entrepreneurs around the world and enable them to scale up ideas that overcome barriers in youth employment and education through the Allianz Future Generations Award.
2. Empowering local Allianz entities to work together with civil society to bring innovative solutions to local communities through the Allianz Social Innovation Fund.
3. Leveraging expertise within Allianz by globally supporting SOS Children's Villages.

In 2019, our efforts reached 660,000 beneficiaries¹ worldwide, including 290,000 children and youth¹.

Find out more in section 04.9.



SOS Children's Villages International, Claire Ladavicius.

¹ Our current data collection process does not allow for a complete tracking of beneficiaries. Number of beneficiaries included is subject to data availability.

02.4 ESG BUSINESS INTEGRATION



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Allianz aims to lead the industry by embedding strong ESG considerations in everyday decision-making across its insurance and investment businesses.

Our approach integrates ESG concerns by applying group-wide corporate rules and ESG processes across all underwriting, investment and asset management activities.

Through the internal **Allianz Standard for Reputational Risk and Issues Management** and other corporate rules such as the **Allianz Standards for Underwriting** and **Allianz ESG Functional Rule for Investments**, ESG considerations are embedded across the business. The publicly available **Allianz ESG Integration Framework** further increases transparency around internal ESG-related processes and guidelines.



[Read more on the ESG Integration Framework here.](#)

WHAT IS ESG AND WHY IT IS IMPORTANT?

ESG refers to non-financial issues which can be influenced by, and can influence, Allianz's business activities. Examples include human rights violations, illegal logging activities and severe corruption allegations. ESG factors can also represent business opportunities, such as insuring and investing in renewable energy to support the energy transition.

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

Allianz manages ESG risks diligently across its businesses. Its industry-leading approach integrates ESG concerns by applying group-wide corporate rules and ESG instruments across all our underwriting, investment and asset management activities.

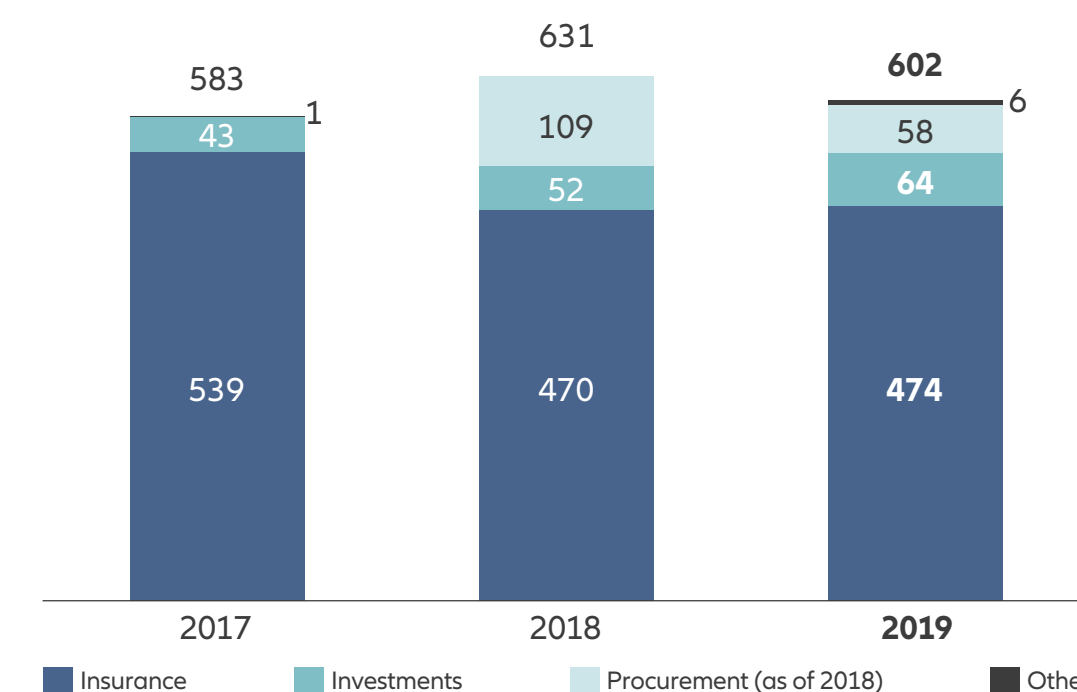
ESG IN INSURANCE AND PROPRIETARY INVESTMENTS

Consistent application of ESG processes in insurance and proprietary investment activities is crucial to avoid opening Allianz Group up to potential ESG and/or reputational risks and to capture new opportunities arising from ESG trends.

ESG processes property and casualty underwriting (P&C) are integrated into the overall risk management framework through the **Allianz Standard for Reputational Risk and Issues Management** and group-wide underwriting standards. The Allianz internal audit functions and underwriting integrity and governance teams also review ESG processes in insurance.

ESG referral and assessment process

Number of assessments by category



OUR 13 SENSITIVE BUSINESS AREAS

Agriculture Fisheries and Forestry	Animal Welfare	Betting and Gambling	Clinical Trials	Animal Testing	Defense	Human Rights
Hydro-Electric Power	Infrastructure	Mining	Nuclear Energy	Oil & Gas	Sex Industry	

SUSTAINABILITY STRATEGY AND GOVERNANCE

02.4 ESG BUSINESS INTEGRATION

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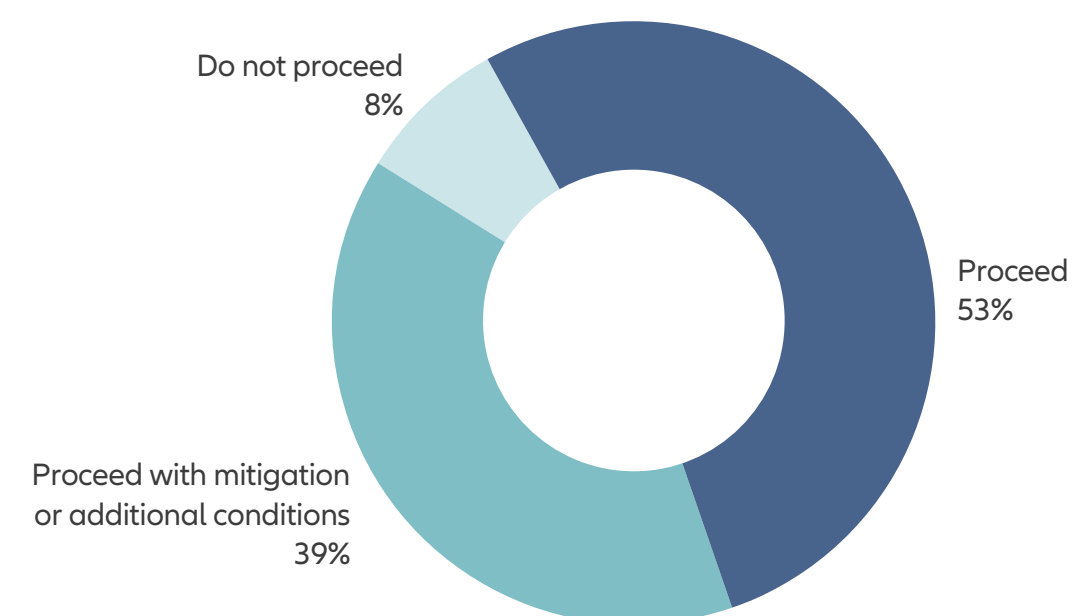
Across all P&C underwriting and unlisted proprietary investments, the ESG referral and assessment process and guidelines for sensitive business areas (see the 13 areas below) are applied. Every transaction is screened by the respective (local or global) operating entity to identify potential ESG concerns. If a risk is identified, the case is referred to the appropriate group-level ESG function to assess the ESG risk in more detail.

In 2019, Allianz published an internal guide to support the identification of ESG risks in real estate investment transactions. Furthermore, Allianz has continued to pilot the extension of the referral process to its procurement activities.

Group-level ESG functions conducted 602 assessments based on the guidelines in 2019 (2018: 631 assessments). 53.3 percent of cases were approved, 38.7 percent were approved subject to certain mitigation measures or conditions, and 8.0 percent were declined or not pursued (for details see ☺ Tables ESG-1 to 3).

Assessment results

% of assessed transactions in 2019



For ESG integration in listed assets, established solid processes such as the ESG scoring approach are designed to manage ESG risks and opportunities in Allianz's proprietary portfolio. For more details on ESG integration approaches in insurance and proprietary investments see section 03.2.

Other tools that help to integrate ESG into investment processes include:

- ESG investment exclusions;
- Integration of ESG criteria in asset manager selection and monitoring;
- Sustainability-themed investments such as renewable energy, green real estate, and green bonds; and
- Regular dialogue and exchange with our investee companies and asset managers.

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

See section 03.2 for additional details on these processes for our proprietary investments.

ESG IN ASSET MANAGEMENT

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

Both entities published reports outlining their responsible investment activities in 2018.

For further details, see section 03.3.

SUSTAINABILITY STRATEGY AND GOVERNANCE

02.5 MATERIALITY

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Allianz's success depends on understanding and responding to the changing world in which it operates.

We regularly carry out a materiality assessments to identify the environmental, social, economic and governance issues that are perceived as being most important to Allianz's stakeholders and its businesses.

The outcomes of the assessment are used to inform our sustainability approach, strategy and reporting. This ensures Allianz focuses on the risks, opportunities, issues and impacts that matter most to its stakeholders, and which it has the ability to influence.

In 2019, the materiality assessment process was revised based on GRI guidance and external ratings requirements. To more clearly inform Allianz's strategic focus and reporting content, we conducted detailed assessments of the strategic issues that are most material to Allianz's sustainability approach and strategy, and also its reporting.

The assessment included a more data-centric approach using databases to track stakeholder views, trends and analysis. It also refocused on strategically important issues rather than issues related to operational or compliance requirements.

METHODOLOGY

The materiality assessment was comprised of a number of key stages.

1. Desk-based analysis of recognized information sources to assess relevant strategic issues, including:

- Peer and competitor assessment of six companies to understand the material issues defined by those companies in their CR reports.
 - The most common material issues identified by peers and competitors were employees and workplace, climate change and customer innovation.

- Analysis of ESG intelligence firm RepRisk data to identify the most material media stories and issues relevant to Allianz and the financial services sector, and trends over the past four years.
 - The most common issues among the media were human rights, employees and workplace, environment, and social and political unrest.
- Analysis of ESG intelligence firm SigWatch data on the activities and campaigns of 8,000 activist groups and 15,000 companies across 64 sectors to understand the most material concerns in relation to Allianz and the financial services sector, as well as trends over the past four years.
 - The most common issues for NGOs were climate change, environmental and social products and social/ financial inclusion.

2. Assessment of Allianz employee views using the Allianz internal communications platform.

- Allianz employees were invited to pick their top three issues from a list of 15 issues perceived to be of most relevance to Allianz. We received 1,339 responses.
 - The top material issues identified by employees were climate change, natural disasters and demographic change.

3. Analysis of external stakeholder views including:

- Retail customers: the Allianz customer marketing survey asked retail customers across 27 countries to identify the three most important issues for Allianz in the short-term (0-3 years) and in the future (6-9+ years). We received 27,636 responses.
 - The top short-term issues identified by customers were safety risk, health and community support.
 - The top long-term issues identified by customers were demographic change, natural disasters and environment.
 - Commercial customers: Analysis of detailed annual consumer research conducted by Allianz business units, for example an annual assessment of key issues for 2,415 risk managers in the industrial insurance business, investment divisions and others.

- The top three issues among Property & Casualty customers were safety, cyber risk and natural disasters.

- Investee companies: the top three issues among Investment & Asset Management customers as being employees and workplace, climate change and cyber risks.

4. Assessment of the relevance and significance of strategic issues to Allianz business units and the services they provide, as well as their ability to influence them.

- This assessment involved the analysis of revenue breakdowns against material issues across each major business segment.

5. Independent analysis of the most material issues according to sustainability report users by the Corporate Citizenship Company to shape Allianz's sustainability reporting.

- Independent, confidential interviews were carried out with 19 expert sustainability report users (responsible investors, ratings agencies and others) to understand the sustainability issues, content and report features of most interest to them.

6. Consolidation and analysis of insights gained from steps 1-6 to determine and prioritize Allianz's material issues.

- Data was consolidated and analyzed including stakeholder weighting/prioritization, issue clustering and increased quality/ scope of data compared to previous years, with all business segments covered for first time.
- Issues were mapped on a materiality matrix and the outcomes were reviewed with the ESG Sponsors (see section 02.8) and the Group ESG Board.

SUSTAINABILITY STRATEGY AND GOVERNANCE 02.5 MATERIALITY

STRATEGIC MATERIAL TOPICS

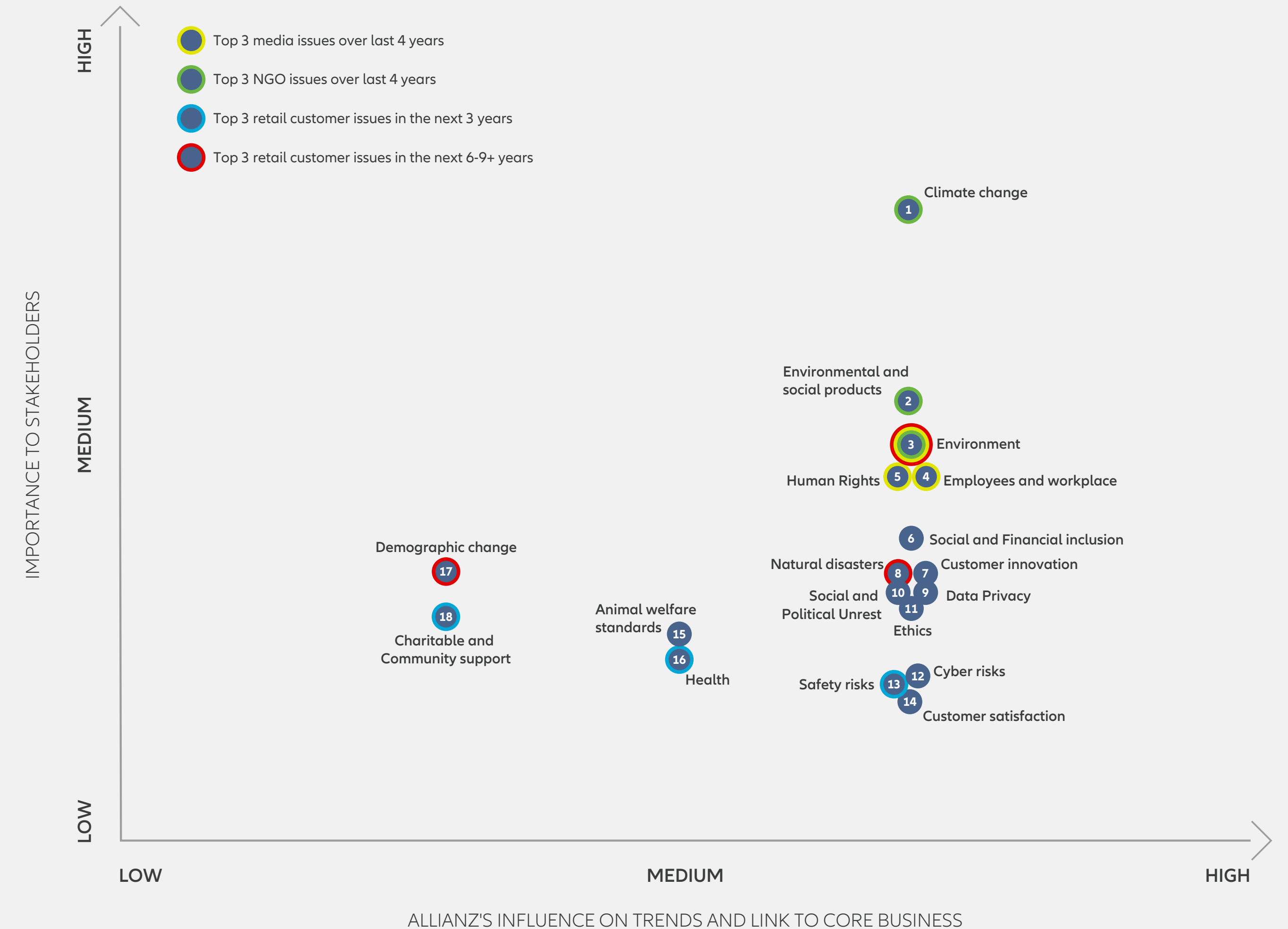
The results showed that the most important material strategic topics Allianz should be addressing through its sustainability strategy are:

STRATEGIC MATERIAL TOPIC	LEVEL OF MATERIALITY FOR STAKEHOLDERS
Climate change	●●●●●
Environmental and social products ¹	●●●●●
Environment	●●●●●
Employees and workplace	●●●●
Human rights	●●●●
Social/financial inclusion	●●●●
Customer innovation	●●●●
Natural disasters	●●●●
Data privacy	●●
Social and political unrest	●●
Ethics	●●
Cyber risks	●●
Safety risks	●●
Customer satisfaction	●●
Animal welfare standards	●
Health	●
Demographic change	●
Charitable/community support	●

●●●● High materiality to Medium materiality ●

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

STRATEGIC MATERIAL TOPICS FOR ALLIANZ 2019



SUSTAINABILITY STRATEGY AND GOVERNANCE 02.5 MATERIALITY

REPORTING TOPICS

In addition to the materiality analysis, we conducted a reporting content assessment with active users of the sustainability report (reporting experts, ratings agencies, SRI analysts). The assessment identified the highest priority topics Allianz should be addressing through its sustainability reporting as:

1. Climate change approach, risks and opportunities
2. Integrating ESG criteria in insurance/investment decisions
3. Offering sustainable products and solutions

The strategic material topics are generally aligned with the reporting topics identified. To meet the requirements of our report users, additional topics beyond the strategic materiality assessment are included in this report.

Climate change remains a major priority focusing on developments in the regulatory space, e.g. TCFD. Allianz continues to take leadership on behalf of the sector in collaboration with the United Nations on various issues. We also report on our progress in the decarbonization of our business and operations, see section 02.2.

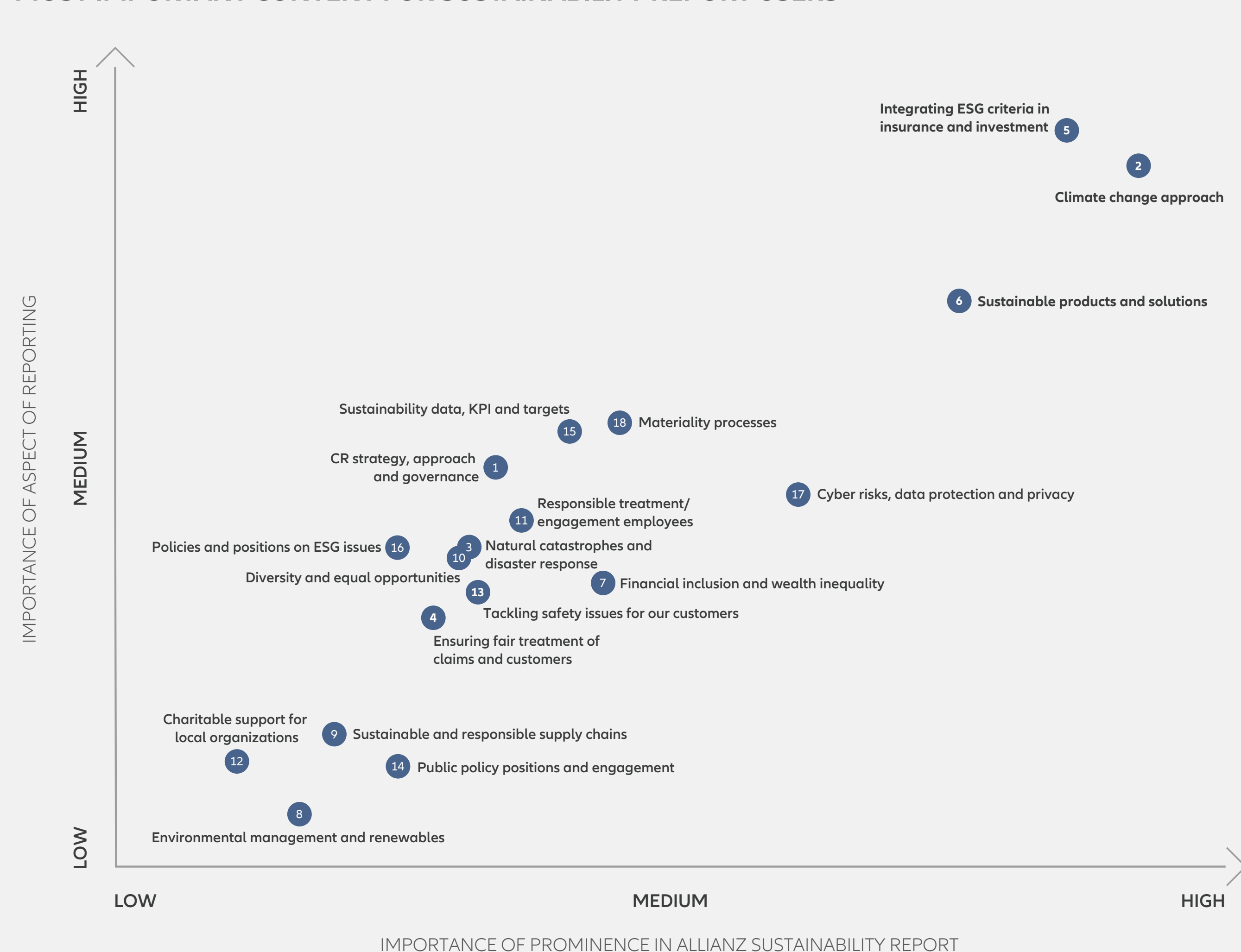
Allianz remains committed to communicating its approach to ESG integration in business decision-making through its ESG Framework and disclosure of sensitive business transaction decisions, see section 02.4.

The growing business case for sustainability is underlined by the increasing share of environmental and social solutions that Allianz offers covering both our insurance and investment businesses. Information on sustainable solutions can be found in section 03.4.

For further details, please refer to section 06.7 (Reporting parameters, scope and materiality).

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MOST IMPORTANT CONTENT FOR SUSTAINABILITY REPORT USERS



02.6 STAKEHOLDER ENGAGEMENT

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The challenges Allianz faces as a multinational business are diverse and complex. Understanding different stakeholder needs is crucial for designing effective products and services.

We also understand the importance of collaboration and partnership for scaling positive impact. In addition to materiality analysis and customer surveys, Allianz engages and collaborates with a broad range of stakeholders who's insights they help shape its strategy, activities, and reporting.

Besides engagement with international and national sustainability bodies and initiatives, Allianz's activities focus on four stakeholder groups which are most impacted by its business.

CIVIC PARTNERSHIPS

Long-term partnerships are instrumental to delivering Allianz's sustainability agenda. Strategic partners include:

- SOS Children's Villages
- German Corporation for International Cooperation (GIZ)
- Sustainable Development Investment Partnership (SDIP)
- International Paralympic Committee
- International Olympic Committee (as of 2021)
- U.N.-convened Net Zero Asset Owner Alliance
- U.N.-convened Global Investors for Sustainable Development (GISD) Alliance

GLOBAL INITIATIVES

Allianz's businesses are signatories to and members of a wide range of global sustainability initiatives and principles. They guide it to:

- incorporate sustainable development principles into activities, products, services and investments;
- work with and learn from others through open dialog and knowledge sharing;
- collaborate to find solutions to local and global challenges relevant to our industry and beyond; and
- improve transparency across Allianz's operations and value chain.

For a list of Allianz's memberships and partnerships, please refer to section 06.2.

OUR KEY STAKEHOLDER GROUPS

INVESTORS

Allianz engages with investors to communicate its sustainability strategy and performance, enabling them to make informed decisions about their investments and our businesses to understand their expectations.

- Annual General Meeting
- Dialogs and roadshows
- Ratings and benchmarks
- Website, Sustainability Report, rating results e.g. DJSI

CUSTOMERS

Feedback from customers helps improve products, services and processes and offer easy and adaptable solutions.

- Customer surveys and dialogs
- Learning from and sharing customer insights
- Review of financial services sector developments
- Research and development to support product innovations
- Net Promoter Score (NPS)
- Allianz Risk Barometer Survey

SOCIETY

Given the pace and scale of global change, businesses, governments and institutions must work together to identify sustainable solutions and drive positive change.

- Partnerships for civic engagement
- Thought leadership on global issues
- Panel discussions and roundtables
- Foundations, donations and volunteering
- Press events, journalist surveys and roundtables
- Formal dialogs with NGOs and ESG professionals

EMPLOYEES

Employees who are engaged with and committed to their jobs generate long-term value for businesses. To this end, Allianz continuously seeks and responds to employees views, ideas and concerns, including through:

- The Allianz Engagement Survey (AES)
- Employee dialogs and networks
- Corporate volunteering programs
- Events for employees (including the Allianz Sustainability Forum)

SUSTAINABILITY STRATEGY AND GOVERNANCE

02.7 SUSTAINABLE DEVELOPMENT GOALS

The U.N. Sustainable Development Goals (SDGs) are a universal call to action to end poverty, to protect the planet and to improve global political and economic stability. Through 17 bold commitments and 169 sub-targets, the goals seek to drive global action across social, environmental and economic development issues up until 2030.

Allianz believes that the SDGs have a crucial role to play in driving global sustainable development. In recent years, work has been undertaken to develop a robust and detailed understanding of the Group's business impacts on the SDGs and their targets – both positive and negative.

Given the nature and size of its business, Allianz impacts many of the targets set by the SDGs. However, the SDGs and their sub-targets are intricately connected, which makes identifying and measuring the impacts and contribution of global businesses – both positive or potentially negative – an ongoing challenge.

WHAT IS THE BEST WAY FOR ALLIANZ TO ACCURATELY MEASURE AND REPORT ON ITS IMPACTS ON THE SDGS?

- 2016** The first strategic exercise was completed to map Allianz's activities and sustainability strategy against the SDGs. This provided an initial overview of the goals to which Allianz broadly contributes.
- 2017** The SDGs to which Allianz's activities and targets contribute were analyzed in more detail using the guidance "Business Reporting on the SDGs: An Analysis of the Goals and Targets". Strategic projects, targets, policies, and disclosures were mapped against the business indicators of the SDGs.
- 2018** Allianz commissioned Trucost to apply its SDG Evaluation tool to Allianz's business model as a pilot assessment across the 70+ countries and business segments in which it operates.

The Trucost methodology involves a quantitative analysis of a company's SDG performance across the value chain, spanning the entirety of its geographic operations, using for key stages:

- STAGE 1** Understanding exposure to SDG risks
- STAGE 2** Evaluating SDG risk mitigation
- STAGE 3** Evaluating positive impact
- STAGE 4** Evaluating holistic SDG performance

THE RESULTS: WHERE DOES ALLIANZ HAVE ITS GREATEST POSITIVE IMPACT?

The results confirmed much of what was expected and identified new considerations and focus areas for further analysis. In addition to Allianz's own analysis in 2017, the pilot highlighted SDG 3 Good Health and Well-Being as an area for further consideration.

[Read the Results of the Trucost Evaluation on our website.](#)

NEXT STEPS

Despite widespread support and commitment among businesses, a globally consistent approach to effectively measure business impact on the SDGs is still in its infancy. Allianz strongly believes that all businesses stand to benefit by reviewing their SDG impacts and enabling greater potential contributions.

We will continue to explore how Allianz can contribute to the SDGs. Moreover, we will encourage our industry peers and others to jointly promote cross-sector collaboration thus improving transparency on the SDGs and shaping strategies to ensure their success.

Furthermore, through the U.N.-convened Global Investors for Sustainable Development (GISD) Alliance we are working with other investors to develop an approach to finance the SDGs.

Four SDGs were identified, to which Allianz makes a particularly significant contribution.



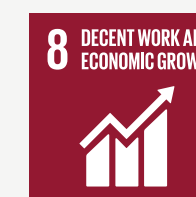
SDG 1 NO POVERTY

By the very nature of what we do – protecting people and businesses against risks – we contribute to our customers' long-term financial wellbeing and help stabilize local economies, with a key focus on emerging consumers.



SDG 7 AFFORDABLE AND CLEAN ENERGY

We actively support the transition to a global low-carbon economy and provide sustainable solutions for our customers, including insurance solutions that support renewables and energy efficiency around the world.



SDG 8 DECENT WORK AND ECONOMIC GROWTH

As one of the world's largest financial services providers, enabling sustainable economic growth is fundamental to our core business and underpins our entire contribution to delivering the SDGs.



SDG 13 CLIMATE ACTION

We constantly work to identify and manage risks and opportunities resulting from climate change. We anticipate the risks as an investor, and we protect and care for our customers through our insurance products, while using our assets and insurance expertise to enable the transition to a low-carbon economy.

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02.8.1 GOVERNANCE

Established in 2012, the Group ESG Board is the highest governing body for sustainability-related issues. It consists of the Members of the Allianz SE Board of Management in charge of Finance, Controlling and Risk, Investments and Asset Management, as well as non-voting representatives of the following functions and entities:

- Group Communications and Corporate Responsibility;
- Group Risk;
- Group Compliance;
- Allianz Investment Management SE; and
- Allianz Global Corporate and Specialty SE.

The Group ESG Board meets quarterly and is responsible for ensuring ESG integration across all business lines and core processes dealing with insurance and investment decisions. It also takes ownership of CR and climate-related topics and associated stakeholder engagement.

Various corporate functions provide regular updates on sustainability-related issues directly to the Group ESG Board. Christof Mascher, Member of the Board of Management of Allianz SE, Operations, Allianz Services, was invited as standing guest for all topics related to sustainability in operations as of 2019.

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

The Group Finance and Risk Committee oversees risk management and monitoring, including sustainability risk. The committee is the escalation point for ESG-related topics, based on analysis and deliberations within the Group ESG Board.

The Group Underwriting Committee monitors the underwriting business and its risk management as well as the development of new underwriting policies and strategies.

GROUP ESG BOARD MEMBERS



Günther Thallinger

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



Giulio Terzariol

- Member of the Board of Management of Allianz SE as of 01 January 2018, responsible for Finance, Controlling and Risk Management
- Member of the Group ESG Board since 01 January 2018



Jacqueline Hunt

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

SUSTAINABILITY STRATEGY AND GOVERNANCE

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ESG TASK FORCES AT ALLIANZ

In late 2019, we continued the integration of sustainability matters across core processes of Allianz SE by establishing ESG Task Forces led by senior executives from different functions. Addressing sustainability matters requires cross-functional collaboration and support. The ESG Task Forces ensure top-level alignment and buy-in from leadership across the organization.

ESG TASK FORCE	SPONSOR
Corporate Responsibility Disclosures	Head of Group Accounting and Reporting, Allianz SE
Environmental management	Head of Group Operations and Performance, Allianz SE
ESG integration in communication and in branding/marketing ¹	Head of Group Communications and Corporate Responsibility, Allianz SE
ESG integration in investments ¹	Managing Director, Allianz Investment Management SE
ESG integration in underwriting ¹	ESG Working Group (including representatives Group ESG Office, Global P&C, Allianz Re, Allianz Global Corporate and Specialty, Euler Hermes, Allianz Germany and other P&C entities) ²
OE collaboration	Head of Group Communications and Corporate Responsibility, Allianz SE
Sustainability Ratings ¹	Member of the Board of Management, Investment Management and ESG, Allianz SE
Societal impact	Member of the Board of Management, Human Resources, Legal, Compliance, Mergers & Acquisitions, Allianz SE
Sustainable finance regulation	Head of Group Regulatory and Public Affairs, Allianz SE Head of Asset Manager Management, Governance and Compliance, Allianz Investment Management SE

¹ Task force established in early 2020.

² The ESG Working Group has been in place since 2014 and will be integrated into the new task force set-up in 2020. The Group ESG Office acts as the secretariat for the working group.

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02.8.2 CORPORATE RESPONSIBILITY MANAGEMENT

The Group Corporate Responsibility (CR) function is responsible for managing the strategic framework that drives all group-wide sustainability activities. Its scope includes CR governance, meeting external reporting and rating requirements, and supporting operating entities to effectively integrate the Group's strategic sustainability approach and policies into their business processes.

The Group CR function is part of Group Communications and Corporate Responsibility (GCORE), which is under the responsibility of the CEO's division of Allianz SE. This enables a close alignment of CR issues with the CEO's agenda.

CORPORATE RESPONSIBILITY NETWORK

The Group CR function works in close alignment with a network of around 450 CR experts across all Allianz operating entities globally. Different experts, including ESG leads and Local Environmental Officers, support the implementation of the Group CR approach. They are responsible for local environmental management and the management of local social activities and partnerships (e.g. SOS Children's Villages). The network drives knowledge and best practice sharing as well as group-wide localized multiplication.

TRANSPARENT REPORTING

Allianz bases its management approach and reporting on voluntary international standards and guidelines such as the Global Reporting Initiative (GRI) guidelines, sustainability indices, and engagement with expert working groups such as the United Nations Environment Programme Finance Initiative (UNEP FI).

Allianz's annual U.N. Global Compact (UNGC) Communication on Progress can be found on our website and the UNGC websites.

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

The reported indicators in the Non-Financial Report 2019 assured with reasonable assurance are GHG emissions per employee, renewable electricity, NPS and IMIX.

For further details, please see the [Allianz Group Non-Financial Report 2019](#).

DATA AND ASSURANCE

To enhance the quality and reliability of Allianz's sustainability reporting, PwC has conducted limited assurance reviews of our sustainability reports, processes and data since the 2016 reporting year.

A sample of operating entities of Allianz SE is reviewed onsite by PwC on a regular basis, depending on their impact on the Group's sustainability activities. The implementation of recommendations is monitored by the Group.

For further details, please see the [2019 Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information \(section 06.8\)](#).



ENVIRONMENTAL TARGETS EMBEDDED IN ALLIANZ SE BOARD REMUNERATION

Allianz's Supervisory Board has taken the decision to link the Allianz SE Board of Management's remuneration to specific ESG targets. The variable component of Board member's remuneration will take into account performance against environmental targets defined in the company strategy. Moving forward, each Board member's individual contribution factor will look at progress towards emission-related environmental targets and net-zero GHG emissions for both proprietary investments and Allianz Group operations.

"At Allianz, financial targets go hand in hand with sustainability targets. Linking our Board's remuneration to specific environmental targets shows the extent of the company's commitment and demonstrates performance is not just measured in terms of financial results."



Urs Bitterling
Head of Corporate Responsibility
Allianz SE

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Natural catastrophes
Cyber security
Emerging consumers

03.2 Sustainability in
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ESG in real estate investments

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PIMCO

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03 SUSTAINABILITY IN CORE BUSINESS ACTIVITIES



As a global insurer and responsible investor, sustainability is part of Allianz's DNA. By the very nature of what it does, Allianz takes a long-term view and aims to make the world a better place through its core business activities.

Sustainable innovation represents a significant business opportunity and Allianz is constantly striving to create a positive legacy by developing sustainable products and services that mitigate societal risks and seize on opportunities.

€29.4 bn
sustainable
investments, up 17%
on last year



€1.33 bn
revenue from
203 sustainable
solutions



SUSTAINABILITY IN CORE BUSINESS ACTIVITIES

03.1 SUSTAINABILITY IN INSURANCE



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By the very nature of what it does – protecting people and businesses against risk – Allianz bases its decisions on customers’ needs and a long-term view. Its industry-leading expertise in insurance, risk management, consulting and assistance services means Allianz is ideally positioned to help stakeholders meet their challenges by developing innovative solutions to emerging issues.

03.1.1 INTEGRATING ESG IN INSURANCE

Embedding ESG considerations into its insurance business enables Allianz to manage its risks and identify opportunities to develop solutions that support sustainable development and a low-carbon future.

Allianz’s exposure to risk is mostly indirect; it accepts risks that it carries for its insured clients. A strong ESG risk management approach is embedded throughout Allianz’s underwriting processes to manage its exposure.

The ESG referral and assessment process ensures risks are effectively identified, assessed and managed (see also section 02.4). The process is integrated via the Allianz Group Risk Management Framework that is applied to all insurance business globally, whether Allianz is acting as lead insurer or as part of a panel.

Allianz insurance underwriters identify ESG risks and refer them for assessment by either Allianz Global Corporate & Specialty (AGCS) ESG Business Services and/or the Group ESG Office at Allianz SE. Experts conduct in-depth assessments of ESG risks such as severe environmental impacts, human rights violations and poor health and safety performance. Based on the outcome of these assessments, they then decide whether a transaction may proceed or proceed with conditions such as monitoring of the project/client or engagement in a risk dialogue. In case of severe, systemic and unmitigated ESG issues, experts decide whether or not further escalation measures will be taken, including declining the transaction (see ☺ Tables ESG–1 to ESG–3).

In 2019, 474 insurance transactions were assessed for ESG risks, remaining stable compared to 2018 (470 transactions).

Being responsible for a large underwriting portfolio requires significant resources to screen and assess ESG risks and engage clients and brokers in risk dialogues. Allianz increasingly uses digital infrastructure to scale-up the standardization and efficiency that is required to sufficiently cover all the risks it manages.

A detailed description of the Allianz ESG approach and processes relating to our insurance business can be found in the Allianz ESG Integration Framework.

COMMITMENT TO THE PRINCIPLES FOR SUSTAINABLE INSURANCE (PSI)

Allianz is a signatory of the United Nations Environment Program Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI). It submits an annual Disclosure on Progress.

[Find out more here.](#)

Allianz co-leads the PSI initiative to develop an industry standard on ESG integration in insurance. We are engaging with insurers, reinsurers, brokers, academics and regulators to identify the ESG risks that are most material to different insurance lines. This work continued in 2019 with a global survey of underwriters on ESG and the first draft version of the standard was published in early 2019.

Allianz is also part of the PSI working group that is developing an industry response to the TCFD requirements. At present, there is no guidance on how different climate scenarios would impact on various types of insurance (e.g. personal, Property-Casualty, Life/Health, reinsurance, etc.). Allianz is working with 15 other industry participants to develop this guidance.

You can find out more about the ESG standard on the UNEP FI PSI website.

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ADDING VALUE TO OUR BUSINESS, OUR CLIENTS AND THE SECTOR AS A WHOLE

Allianz applies its in-depth expertise to its own risk management and underwriting due diligence as well as to that of its clients, brokers and business partners.

As ESG risk experts, consulting services enable our clients to identify and assess their material ESG risks. This dialogue and sharing of expertise adds value to improve overall risk awareness and mitigation.

Allianz conducts in-depth research that enables it and other stakeholders to stay ahead of developments. The findings help to inform and develop the approach to risk identification and management. We continue to initiate and conduct research to understand the relevance of ESG factors on claims and underwriting profitability. Our research shows that this extra-financial information provides signals that are relevant for our underwriting decisions.

In 2019, a more regulatory approach to ESG began to emerge, driven particularly by the current political focus on climate change and the goals of the Paris Agreement. GHG emissions need to be significantly reduced and the financial industry has a key role to play in fostering the growth in renewable energy that is needed. The European Insurance and Occupational Pensions Authority (EIOPA) is integrating the topic into the Solvency II framework and national regulatory bodies like the German Federal Financial Supervisory Authority (BaFin) are publishing more detailed guidance.

Regulation will require insurance companies in the European Union to integrate ESG and climate considerations into their risk processes. Sustainability considerations on the asset and liability side of the balance sheet are likely to become an integral part of (prudential) regulation. Allianz is actively involved and supportive of this process.

Systematic engagement with major coal companies provides an opportunity to support companies' management of material risks related to climate change and establish the transition away from coal.



Participants at the 2019 PSI-Allianz Conference networking over lunch.

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03.1.2 CLIMATE AND RENEWABLES

Climate change poses a major risk to the livelihoods of millions of people worldwide. Through our business, we anticipate the risks, work to protect and care for our customers, and enable the transition to a low-carbon economy.

Our Climate Change Strategy (see section 02.2) is focused on developing and offering insurance solutions that help our customers respond to a changing climate and develop the low-carbon economy.

INSURING CLIMATE RISKS

Allianz aims to reduce the impacts of climate risks by incentivizing preventive measures to increase customers' resilience and compensating for climate-related damages. Examples include risk consulting services offered by AGCS and our work with the German Corporation for International Cooperation (GIZ) to pilot innovative insurance solutions in emerging and developing countries.

Our work includes researching the actual and future impacts of climate change to provide the best possible risk advice to society and customers. This research helps to inform and develop both prevention and resilience solutions.

With its experience as a microinsurer and reinsurer in agriculture, Allianz brings innovative climate risk insurance to vulnerable regions. They include weather index insurance, yield loss and animal mortality cover.

Allianz actively supports the InsuResilience Global Partnership, which builds upon the G7 Climate Risk Insurance Initiative to provide climate risk insurance for up to 500 million people in the most vulnerable developing countries by 2025.

Allianz's three-year strategic alliance with the GIZ is aimed at 'Closing the Protection Gap'. Launched in 2017, the project started up in January 2018 and runs until December 2020. Allianz also works with its peers through the Insurance Development Forum (IDF) to provide insurance solutions that allow governments in countries that are vulnerable to climate change to better protect their populations against natural disasters.

INSURING SOLAR IN THE NETHERLANDS

In April 2019, one of the largest PV plants in the Netherlands – an 18 MW photovoltaic plant located close to Schiphol Airport – became operational. Allianz Climate Solutions provided financial advisory services and insurance solutions in cooperation with TRIO Investment B.V., a Dutch renewable energy investment company.



PHASING OUT COAL IN OUR INSURANCE PORTFOLIOS

Allianz announced in May 2018 that it would no longer insure single-site/standalone coal-fired power plants or mines whether in operation or being planned. Allianz is committed to completely phasing out all coal-based risks from P&C insurance portfolios by 2040 at the latest.

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

Allianz continues to insure companies that generate electricity from multiple sources, including coal, other fossil fuels and renewable energies. These are individually reviewed using our ESG criteria (see sections 02.4 and 03.1).

INSURING THE LOW-CARBON ECONOMY

The renewable energy industry is constantly evolving, at pace and in many directions. National climate change strategies and policies, the Paris Climate Agreement and corporate initiatives like RE100 are driving momentum. However, many markets are not ready to make the transition – in terms of experience, financing, regulations and insurance.

The large and growing demand for electricity in developing countries, and the potential for renewables to reduce pollution and GHG emissions, present this as an attractive growth market. Developments are increasingly driven by private investors and corporate clients who recognize clean energy as a valuable investment.

Allianz is one of the leaders in insuring low-carbon technologies, providing standardized and tailor-made insurance products as part of its Sustainable Solutions offering (see section 03.4). Through deep technological expertise and understanding of the power and energy industry, we enable investment and actively support clients with their renewable energy transition.

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Building and operating renewable energy plants involves multiple stakeholders and poses complex risks at different stages for investors, construction companies, operators and manufacturers. Allianz's products cover all stages of the project lifecycle – from planning to decommissioning – and include a variety of solutions including erection and construction all risk insurance, liability insurance, marine insurance and technical advisory solutions. A tailor-made approach makes it possible to bundle multiple covers in one single policy. Allianz also offers insurance against financial losses from lower than expected annual energy yields for renewable energy plants (e.g. lack of wind or sun).

Allianz aims to reach significant market share in emerging renewable energy markets, building on its expertise from more than 60 countries where it already insures renewable energy. In 2019, we continued to scale renewable energy insurance services in fast-developing growth markets through the 'Scaling Up Renewable Energy' (SURE) initiative. SURE aims to cement Allianz's position as the global 'go-to' provider of insurance for renewable energy projects and infrastructure. It targets fast developing growth markets, such as the Central and Eastern Europe region and several African countries, to support their transition to the low-carbon economy.

Allianz Climate Solutions supports the renewable energy industry with insurance and risk management solutions and, in parallel, works with private and public sector partners to improve societal resilience through dedicated insurance approaches.

While the main insurance focus for small and medium enterprises is currently solar and wind, we are beginning to explore opportunities to extend our services to other renewable technologies. Allianz Climate Solutions plans to expand the renewable energy toolbox to new technologies for storage, hydrogen, energy efficiency and new business models for insurance and reinsurance solutions.

[Find out more about Allianz Climate Solutions on their website.](#)

GOING BEYOND INSURANCE SOLUTIONS IN THE RENEWABLE ENERGY INDUSTRY



Allianz's goal is to make renewable energy projects bankable, investable and insurable to support the low-carbon transition. Ensuring risks are maintained at acceptable levels is crucial to maintaining strong portfolios that support this goal.

The renewable energy industry is fast moving. Our risk advisors and renewable energy experts ensure Allianz and its customers stay abreast of the latest developments. Risk advisory services are important for meeting customers' demands and assuring a sound insurance portfolio. During the planning and delivery phases of a renewable energy project, cost efficiency, accuracy and fast reaction to rapid changing conditions are crucial. Projects are often sold to investors at this stage and quality assurance, the right cash flow models, and meeting tax and legal requirements is critical to the successful process.

Often, different experts look at the risk for each of these areas in a non-integrated way, which may put projects at risk. Having one single risk advisor who understands all aspects and helps to ensure a smooth transition across all phases is important. Allianz's risk advisors also act intermediaries between relevant stakeholders – including banks, investors, the insurer and the project developer.



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03.1.3 NATURAL CATASTROPHES

Natural catastrophes – including earthquakes, fires, floods and extreme storms – cause devastation to affected communities and it can take months or years to recover. Demographic shifts, global interdependencies and climate change all play a role in weather-related insurance losses. Such losses have increased 15-fold over recent decades, implying high risk and volatility for the insurance industry. The Allianz Risk Barometer 2020 ranked natural catastrophes fourth in its ranking of global business risks, with economic losses totaling around 133 billion U.S. dollars in 2019 according to Swiss Re.

Allianz is an expert in insuring customers against the impacts of natural catastrophes. Experts at Allianz Reinsurance (Allianz Re) – including meteorologists, hydrologists, geophysicists, geographers and mathematicians – model around 50 natural catastrophe (Nat Cat) scenarios for Allianz Group, with data captured using best-in-class standards. Applying their scientific understanding to the Allianz portfolio with its insured values, they assess its overall Nat Cat risk. Vendor and in-house applications build a comprehensive picture of risk accumulation in any defined location and form the basis for effective risk management measures.

Allianz Re is constantly working to improve Cat Risk Management at a Group level. In 2019, the new Cat Risk Data Warehouse was put into full production. It centrally stores and validates all data used for cat risk modeling and gives risk experts access to a wide range of analytics tools to monitor data quality and exposure development.

Allianz Re has also recently launched global hazard layers for the most important natural perils such as windstorms, floods and earthquakes. These are available for all operating entities to assess the risk of natural catastrophes at the point of sale in the underwriting process globally. Following the high activity of wildfires in the recent years (California, Portugal, etc.), Allianz Re added a global wildfire layer to address this important peril, which is expected to get more severe with climate change. This allows it to provide a risk adequate view for customers in times of change.



Clearing work after the bush fires on Kangaroo Island, Australia captured by an Allianz employee.

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03.1.4 CYBER SECURITY

In the wake of high-profile data breaches, privacy scandals, major IT outages and tighter data protection rules in Europe and beyond, cyber risk has become a core concern for businesses.

According to the Allianz Risk Barometer 2020, cyber incidents are the top business risks globally. Cyber-crime costs an estimated 600 billion U.S. dollars a year according to McAfee. While criminals use more innovative methods to steal data, commit fraud or extort money, there is also a growing cyber threat from nation states and affiliated hacker groups targeting critical infrastructure providers or stealing valuable data or trade secrets from companies.

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

Allianz Global Corporate & Specialty (AGCS) has more than a decade of experience in cyber insurance, protecting organizations 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).

However, cyber insurance offers much more than just compensation for potential financial losses. It also includes valuable prevention and incident response services that enable companies improve their cyber resilience and mitigate negative impacts after an incident.

Allianz is working to provide more certainty to its customers on what level of cyber risk is covered by each insurance product. In 2019, AGCS assessed corporate insurance product lines offered by Allianz operating entities. As a result, we have defined a range of specific cyber clauses – from no cover to full cover – for the impacts arising from cyber incidents. These will be implemented across all Allianz products by the end of 2020.

We are also improving our privacy cover to be as client-orientated as possible. As well as insurance for when a problem arises, ACGS's expert consultants support customers to recover from an incident on the technical side and to ensure proper disclosure of a privacy incident to regulatory bodies and their customers. Looking ahead, we see opportunities in also protecting individuals from cyber-related risks, including in their homes and vehicles.

“Cyber risk has been a major risk for a number of years, but as with any new risk it has struggled with awareness. We have now reached a point where cyber is as equally concerning for companies as their major traditional exposures.”



Marek Stanislawski
Global Cyber Underwriting Lead
Allianz Global Corporate & Speciality



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03.1.5 EMERGING CONSUMERS

Allianz pioneered its first ever microinsurance in Germany in 1926. Today, it continues to expand its offerings to support lower-income populations, particularly in Africa, Asia, and Latin America.

The emerging consumers' market consists of half of the world's population, many of whom are severely underinsured. Allianz includes these consumers in the delivery of its purpose 'We secure your future' by providing affordable and effective insurance solutions. This represents a significant sustainable growth opportunity for Allianz – both financially and socially.

REACHING UNDERINSURED CUSTOMERS

Allianz is committed to closing the protection gap for more people and providing access to affordable financial services that are tailored to their needs.

In 2019, it served 49.4 million customers¹ in the emerging consumers segment (2018: 44.1 million). Revenues were at 410.1 million Euro¹ (2018: 310.3 million Euro) – equivalent to around 8.31 Euro in annual revenue per customer¹ for this market. Thereof consolidated entities served 10.0 million customers, and contributed revenues of 40.7 million Euro.

Because traditional financial services infrastructure does not typically cater for low-income populations, the emerging consumers segment offers major potential for digitalization. To make the most of the opportunity, Allianz continues to explore partnership opportunities with companies that can complement its core capabilities with digital technologies and go-to-market approaches, tailored to the requirements in the emerging consumers' business.

[Find our Emerging Consumer Reports in the Download Center on our website.](#)

DEVELOPING THE NEXT GENERATION OF MOBILE INSURANCE

In summer 2019, Allianz teamed up with emerging market insurtech leader, BIMA, and German development agency, GIZ, to grow small-ticket mobile insurance in a sustainable way.

Our shared aim is to design new health insurance offerings and develop direct distribution models to maximize client value. Allianz, BIMA and GIZ will also engage in best-practice exchanges with market stakeholders and regulatory bodies. The collective ambition is to reach one hundred thousand new customers in Ghana in 2020 and to dedicate around 4.2 million Euro to the overall initiative.



“BIMA has been very successful at scaling microinsurance through mobile operators. This new partnership helps us develop a new direct to consumer business model, and build our customer engagement strategy, in a way that we could never do alone.”



Russell Haresign
Africa Head of Operations
BIMA

“Our objective is to support sustainable market development for mobile microinsurance, putting special emphasis on client value and customer protection. Working with the industry leaders in a public-private-partnership is a great lever to do so.”



Matthias Range
Head of Project
GIZ

¹ Total customer and revenue data includes figures from non-consolidated entities outside the reporting boundaries (GRI 102-45).

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Strong ESG management is crucial to mitigating risks and seizing opportunities. Allianz aims to create a lasting positive legacy for society through its investments, believing that sustainable business practices improve the financial performance of companies. That is why we consider ESG aspects whenever we allocate money.

03.2.1 ESG INTEGRATION AND ENGAGEMENT APPROACH

ESG is an integral part of the investment processes. As an asset owner, Allianz invests its proprietary assets, which are primarily the premiums collected from insurance customers.

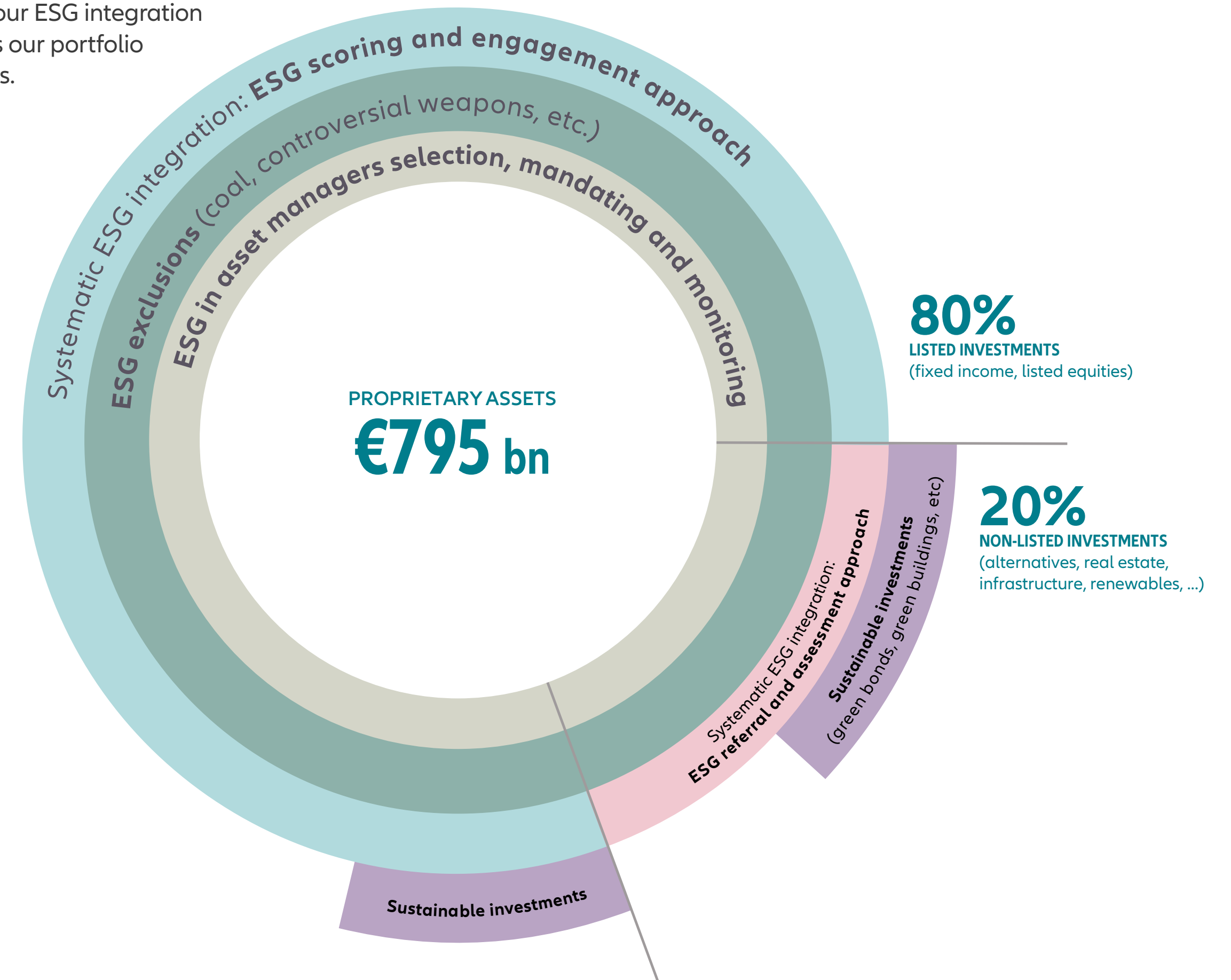
Allianz has committed to the Principles for Responsible Investment (PRI). These principles guide its approach to responsible investment and drive continuous improvement across our businesses.

In addition to the disclosures contained in this report, Allianz SE and Allianz Investment Management SE (AIM) report annually to the Principles for Responsible Investment.

[Our latest and past PRI Transparency Reports can be found on our profile on the PRI website.](#)

Our ESG integration approach as an asset owner

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



Simplified illustration of Allianz ESG integration approach for proprietary investments. Illustration not to scale. Figures based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including For Valuation Only (FVO), trading and real estate own-use).

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Allianz invests more than 795 bn Euro¹ in a wide range of asset classes. We systematically integrate ESG considerations across our entire investment portfolio² and continuously enhance and deepen the approach, which is comprised of the following key elements:

1. Asset manager selection, mandating and monitoring: Allianz requires all asset managers investing on its behalf to integrate ESG considerations into the investment process (see ☺ Table ESG-7). Asset managers can fulfill these requirements by being a PRI signatory or by having their own ESG policy. More than 99% of our assets are managed by asset managers that are PRI signatories and/or have an ESG policy in place.

In 2019, AIM started to systematically review the ESG practices of its external asset managers. We entered into dialogues with these firms to review their respective ESG approaches, including their climate-related strategies. These engagement dialogues include reviewing governance structures for clear responsibilities to oversee ESG matters, understanding monitoring methods for ESG risks and opportunities, and assuring commitment to improving ESG practices in investee companies.

This is an important step towards Allianz's goal to have real world impact. As an asset owner, we are well-positioned to conduct crucial ESG discussions with our asset managers and this is an effective multiplier of our ESG efforts. As a founding member of the U.N. convened Net-Zero Asset Owner Alliance, Allianz wants to ensure all asset managers are well prepared for the decarbonization of their portfolios in line with achieving a global average temperature increase of not more than 1.5°C.

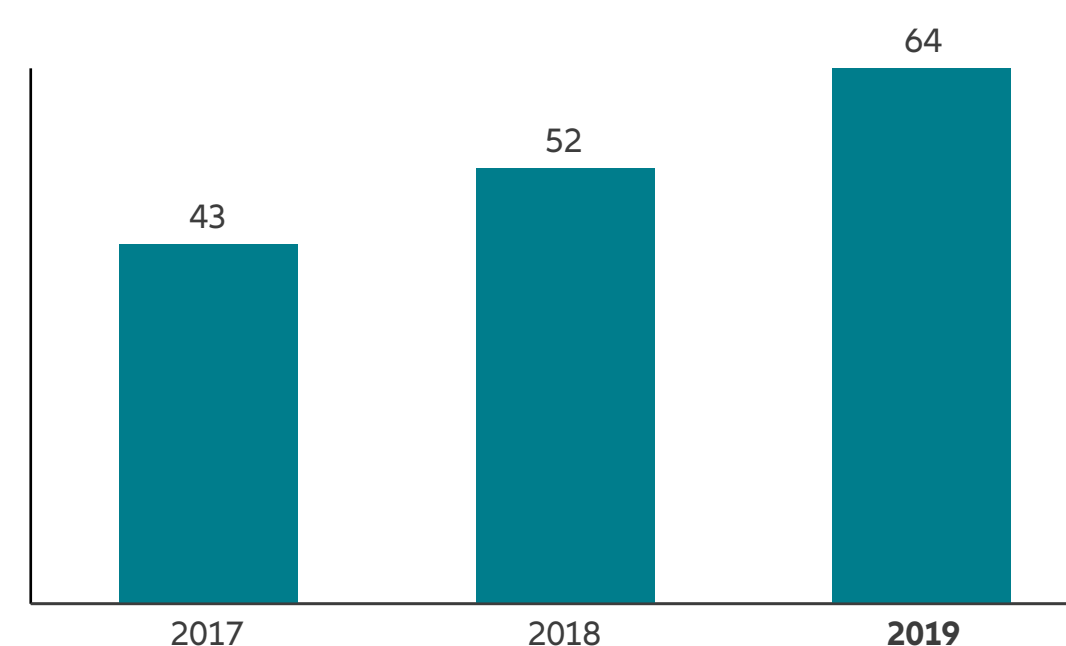
1 Based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including FVO, trading and real estate own-use).
2 ESG integration processes and coverage vary by asset class and between the type of portfolio and mandate. Minimum standards for ESG integration are in place for covering all investments through the Allianz ESG Functional Rule for Investments.

2. Systematic integration of ESG factors – ESG referral and assessment process: For non-listed investments, such as real estate, infrastructure and private equity, Allianz addresses ESG risks through a detailed referral process. Guidelines have been published for 13 sensitive business areas (see section 02.4) and ESG screening is mandatory for all transactions within these areas. Detection of an ESG risk triggers the referral process, leading to detailed assessment of the potential risk by the Group ESG Office. Based on the outcome of this assessment, a decision is made whether to either proceed with a transaction, to proceed and require the mitigation and management of ESG risks, or to decline a transaction on ESG grounds. In 2019, 64 investment transactions were assessed (see ☺ Tables ESG-1 to 3).

3. Systematic integration of ESG factors – ESG scoring: Allianz applies its ESG scoring process to all listed assets including sovereign bonds, corporate bonds and public equity. It systematically assesses the ESG performance of individual issuers using ESG data provided by an external data provider, MSCI ESG Research. This information is used to consider ESG criteria in investment selection, leading to a more holistic steering of our portfolio and targeted management of ESG risks and opportunities.

ESG assessments conducted on investment transactions

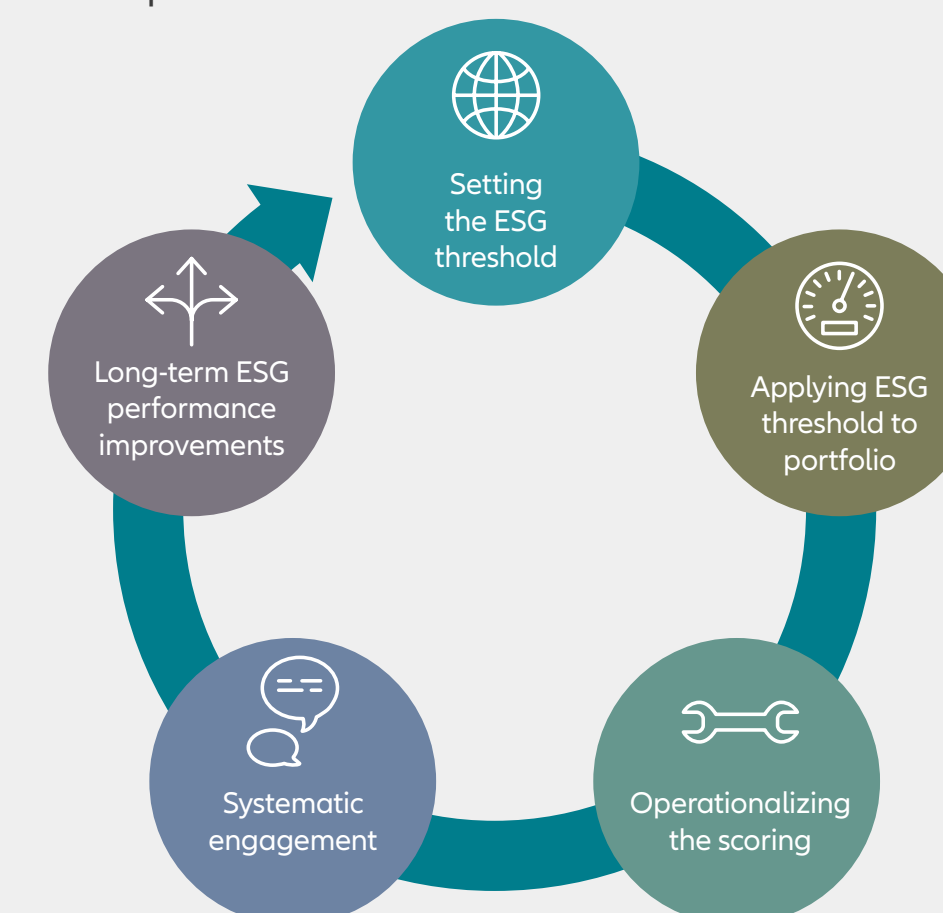
Number of transactions assessed



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

OUR ESG SCORING AND ENGAGEMENT APPROACH

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



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4. Active Ownership – ESG engagement: Meaningful change can take several years and engagement is an ongoing process that can be both impactful and mutually beneficial. Allianz could not contribute to this positive change if it automatically withdrew its investments. Therefore, engagement processes are an integral part of Allianz's ESG strategy. In 2019, Allianz solidified its systematic approach to engaging investee companies on ESG topics.

Based on the initial research and prioritization of companies falling under the ESG scoring threshold, we prepared a list of companies to be engaged with due to severe ESG risks and concerns. Topics range from toxic emissions and waste to risks of child labor and negative impacts on communities.

The engagement team conducts in-depth research on each company using information from MSCI ESG Research, other ESG data and intelligence providers, and the respective corporate disclosures or publications of each company. Relevant questions and requests related to the identified ESG risks or opportunities and engagement objectives are submitted to the company for a written reply. Based on the company's response, they may conduct additional engagement activities including clarifying open points, requesting additional disclosures, expressing concerns as an institutional investor or conducting in-person meetings with management.

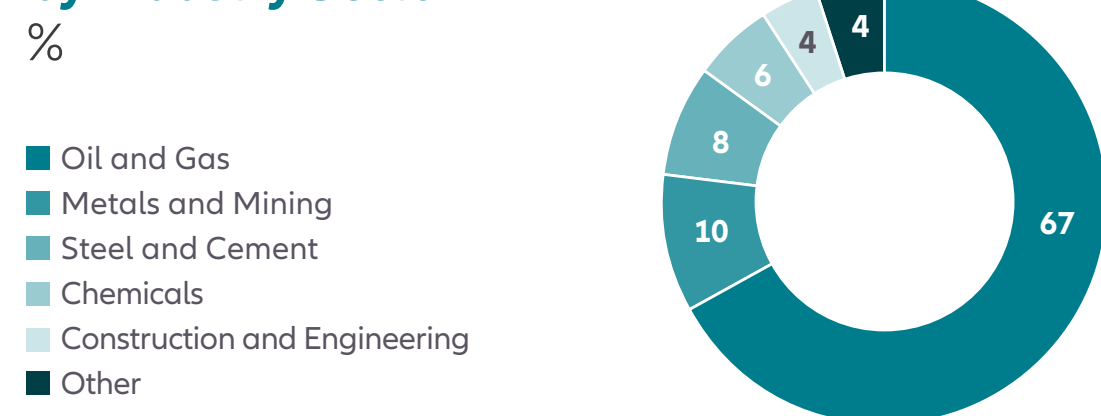
If the company shows significant action to improve their ESG risk management and/or to solve and avoid further ESG issues, the engagement is closed. Should the company's answers continually prove insufficient, the company shows no willingness

to improve its ESG performance, or it does not respond to our engagement communications, the engagement team recommends the restriction of all investments in the company. This recommendation is received and reviewed by the Chair of the ESG Board, who subsequently approves the restriction of the company from all proprietary portfolios.

In 2019, Allianz opened or continued engagement discussions with 49 investee companies. Four of these engagements were considered successful and were therefore closed, one was closed without success, and the remaining 44 are still ongoing or continue to be monitored. In addition to these engagements, AllianzGI and PIMCO conduct ongoing ESG-specific engagements with investee companies.

ESG Engagement Approach Highlights

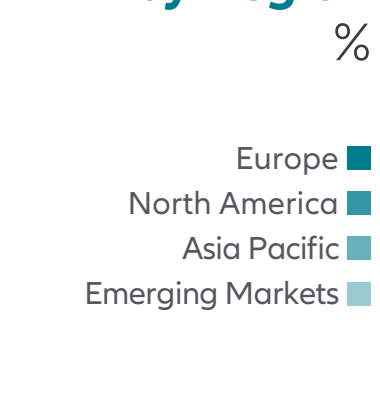
Engagements by Industry Sector



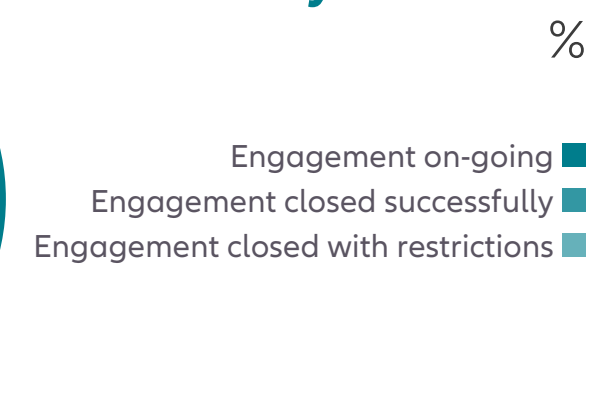
Engagements by Topics



Engagements by Region



Engagements by Outcomes



CLIMATE ACTION 100+

Allianz is an active member of Climate Action 100+. More than 370 investors representing more than 35 trillion U.S. dollars in assets under management have signed on to the initiative. Its purpose is to engage with the world's largest corporate GHG gas emitters to set GHG emission reduction targets, strengthen climate-related financial disclosures and improve governance on climate change.



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5. Active Ownership – Voting: Voting rights are exercised by AllianzGI on the Allianz Group's behalf.

Details on the AllianzGI's voting policy and voting records can be found online¹.

[You can find Proxy Voting Records on the AllianzGI ESG page.](#)

6. Excluding certain sectors and companies: Exclusion lists are updated annually based on data from external service providers and in-house research. This approach covers multiple aspects:

1. Exclusion and restriction of certain sectors, such as companies producing or associated with controversial weapons² and excluding companies involved in coal-based business models (see below, and the ESG Integration Framework, section 03.9).
2. Restriction of certain sovereign bonds: We restrict investments in sovereign bonds from countries associated with severe human rights violations and significant issues managing ESG concerns.
3. Exclusion and restriction of issuers as a result of the scoring and engagement process: As part of the ESG scoring and engagement processes, single issuers that fall below the ESG threshold and where engagement has not been successful may be excluded if:
 - answers to engagement questions are consistently insufficient;
 - the company shows no willingness to improve its ESG performance; or
 - the company does not respond to any of Allianz's engagement communications over the annual cycle.

DECARBONIZING INVESTMENTS

Allianz introduced an exclusion of coal-based business models in 2015. No new investments have been allowed, equity stakes have been divested and fixed income investments made before 2015 are in run-off. This approach was further refined through the forward-looking approach in 2018.



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

The exclusion list is updated annually based on data from an ESG data provider. This leads to companies being added to and removed from the exclusion list over time, based on their reported coal share.

[For additional details see section 3.9.2 of the Allianz ESG Integration Framework.](#)

Divestment status

In 2019, Allianz divested a further 14 million Euro in equities and an additional 236 million Euro fixed income is in run-off. This brings the total of divested/run-off assets to 340.5 million Euro/5,942.7 million Euro (see ©Table ESG-10).

GLOBAL INVESTORS FOR SUSTAINABLE DEVELOPMENT ALLIANCE



In October 2019, Secretary-General of the United Nations, António Guterres, announced the Global Investors for Sustainable Development Alliance (GISD) initiative. It aims to leverage finance and investment know-how to foster the 2030 Development Agenda. The initiative is co-chaired by Oliver Bäte, CEO of Allianz SE. According to the U.N., achieving the U.N. SDGs requires substantial financing in sectors such as health, education, transportation and climate change. Close collaboration of the private and public sectors in both developing and developed countries will be key to achieving the SDGs.

GISD members commit to actions such as establishing partnerships to strengthen relations between investors, governments and multilateral institutions that foster scalable investment opportunities in developing countries. They will also roll out and promote the use of innovative financing facilities and tools that enhance the risk-return profile of investments in sustainable development, including in sectors and countries where investment is most needed.

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

Oliver Bäte
CEO of Allianz SE

¹ Please note that this reporting covers Allianz's proprietary insurance assets as well as assets from third-party clients on whose behalf AllianzGI exercises voting rights.

² Weapons that fall under the scope of the following international conventions: Ottawa Convention (anti-personnel landmines); Convention on Cluster Munitions (cluster ammunition/bombs); Biological and Toxin Weapons Convention (biological weapons); and Chemical Weapons Convention (chemical weapons).

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03.2.2 SUSTAINABILITY-THEMED INVESTMENTS

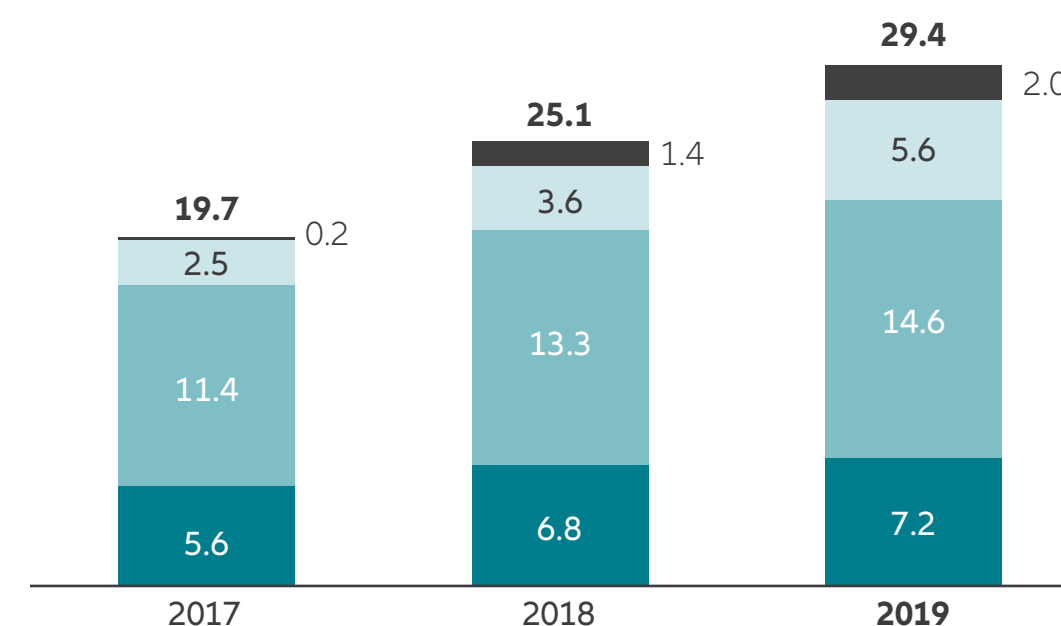
As well as managing ESG risks, Allianz actively pursues investment opportunities that offer solutions to environmental and societal challenges such as climate change and infrastructure development. Selected ESG-themed investments can generate stable returns and create long-term shared value. At the end of 2019, investments in sustainability-themed assets totaled 29.4 billion Euro (see ☺ Table ESG-8).

Allianz is steadily increasing its sustainability-themed investments and is a large investor in renewable energy. We finance infrastructure projects with environmental and social benefits such as the Thames Tideway Tunnel in London, public transport infrastructure including metro infrastructure in Madrid and Barcelona, a Finnish power distributor and a wind park in Peru.

We increasingly look for investment opportunities in sustainable infrastructure in emerging economies. These markets face large financing gaps and, with Allianz's investments alongside multilateral development banks and other partners, we support sustainable development and economic growth. For example, Allianz finances African infrastructure projects by investing into Emerging Africa Infrastructure Fund (EAIF). We are providing financing of 75 million Euro and 25 million U.S. dollars, both over 12 years, as EAIF's first insurance-investor.

Allianz has a growing global portfolio of wind and solar power. We also finance energy innovations, energy efficiency measures and other renewable energy sources. Examples include investments in the AllianzGI Renewable Energy Fund, the Meridiam Transition Fund and a Mini Hydro Power Plant Fund in Indonesia.

Sustainability-themed investments
Investments by asset class
€ bn



- Renewable energy investments
- Certified green buildings
- Green bonds
- Other (Sustainability bonds, social bonds, and others such as affordable housing and dedicated investment in PIMCO ESG fund)

AFRICAGROW

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

The project is an important component of Allianz's Africa strategy. The EUR 170 million fund of private equity funds blends public finances and private investments from Allianz companies. It will finance 150 innovative SMEs and start-ups in reform-oriented African countries by 2030, promoting sustainable economic and social development and creating more than 25,000 new jobs. Careful monitoring will ensure the fund has a measurable positive social and/or economic impact.

[Read more here.](#)



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03.2.3 ESG IN REAL ESTATE INVESTMENTS

Allianz Real Estate (ARE) is Allianz Group's dedicated investment and asset manager for real estate. It develops and executes tailored investment strategies, focusing on direct and indirect equity worldwide and commercial real estate loans in Europe and the U.S.

ARE invests 14.6 billion Euro in certified green buildings around the world, including both equity and debt investments. As a whole, the real estate sector accounts for nearly 40 percent of energy-related CO₂ emissions globally¹. Real estate assets are facing significant costs to meet tightening environmental regulations, including higher energy efficiency standards and demands from investors and tenants. Real estate is also highly exposed to physical climate risks such as increasing flooding and heatwaves. Significant investments may be required to improve resilience, while changing investor and tenant preferences will provide new opportunities, for example by tapping into climate-conscious tenant groups.

As a responsible Investor and asset manager, ARE strives to incorporate ESG factors into its 'Buy-Manage-Sell' cycle for its real estate business. In line with Allianz Group's commitment, ARE works towards reducing GHG emissions of its real estate portfolio to net zero by 2050. Furthermore, ARE is focused on increasing the share of properties that have an environmental or sustainability certification.

ARE's **ESG integration framework** is designed to improve the ESG performance and transparency of assets and address issues such as physical climate risks that could materialize over time, thereby reducing risks of obsolescence and depreciation.

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

- 1. Assess:** During the acquisition phase in particular, transactions are screened for potential ESG issues. Every new equity investment undergoes a thorough due diligence process, including technical and environmental due diligence and property-related ESG assessment. Any new office or retail investment (equity) must have an environmental or sustainability certification that is either globally recognized (such as LEED or BREEAM) or locally dominant (for example HQE in France and DGNB in Germany). With regards to new fund investments, fund managers must have an ESG policy.
- 2. Engage:** During the management phase, a collaborative engagement strategy seeks to influence business partners to strengthen their ESG activities. This includes ensuring asset managers consider ESG topics as part of performance review meetings with joint venture partners and supporting external property managers to improve ESG standards and performance.
- 3. Improve:** ARE aims to measure and improve the ESG performance of its entire real estate portfolio. This includes seeking out pilot 'lighthouse' projects and group-wide initiatives such as procuring of certified green energy, investing in onsite energy production and energy efficiency measures, for example installing LED lighting.

ARE's ESG Policy was updated in 2019, strengthening its approach in the context of E.U. debt and placing a stronger emphasis on tenant engagement for direct investments.

Targeted energy audits are conducted to better understand energy performance and inform action plans to bring down the energy consumption of assets. Aligned with the Allianz Group commitment to drive decarbonization, efforts will be stepped up to conduct further energy audits to improve energy efficiency and increase the use of renewable electricity – including by engaging with tenants to switch to renewable electricity.

In 2019, ARE launched a global carbon accounting and reporting project to improve environmental reporting across its portfolio. The project will result in a new reporting framework and tools to address the challenges of energy data collection in the context of a globally diversified real estate portfolio. The information will also be used to inform the setting of medium-term climate targets for our real estate business.



This building owned by Allianz has the following certifications: Label Effinergie BBC 2017, BiodiverCity and HQE New Excellent.

¹ Source: International Energy Agency and the United Nations Environment Programme (2018): 2018 Global Status Report: towards a zero-emission, efficient and resilient buildings and construction sector, page 9.

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

03.3.1 ALLIANZ GLOBAL INVESTORS

As an active investment manager with proprietary sustainability investment research capabilities, AllianzGI innovates sustainable investment solutions tailored to meet its clients investment objectives.

Clients' interest in sustainable investing stems from many perspectives, which lend themselves to varying approaches and investment strategies. Having built its expertise across a range of sustainable investment approaches, AllianzGI is categorizing them to enable clients to better identify the appropriate strategy for their needs. In total, AllianzGI manages third-party assets totaling 56.1 billion Euro across four main ESG approaches.

PROGRESS AND ACHIEVEMENTS

Given the increasing emphasis on sustainability in its overall investment proposition, AllianzGI appointed Beatrix Anton-Grönemeyer as its first Chief Sustainability Officer in 2019. The newly-created role is responsible for driving the firm's overarching sustainable investing strategy and positioning.

For the third year in a row, AllianzGI received the top grade A+ rating from the PRI for its ESG Governance and Strategy. It received three A+ grades and A grades across all categories in the assessment.

ALLIANZGI SUSTAINABILITY INVESTMENT CATEGORIES



Integrated ESG:

Integrates material ESG risk considerations into investment analysis and security selection in order to improve risk/return profile. Unconstrained investment universe ('comply or explain') and active stewardship programme.



Sustainable and Responsible Investing (SRI):

'Best-in-class' strategy that aims at constructing portfolios with superior sustainability credentials in order to generate superior long-term performance.



SDG-aligned / Sustainability-themed

Selects securities whose business largely contribute to positive environmental and societal change towards one or multiple SDGs.



Impact investing:

Invests in order to generate intentional environmental and societal outcomes aligned with SDGs that are measured against specific extra-financial KPIs.

With ESG factors playing an increasingly important role in fixed income portfolio management, in 2019 AllianzGI started to systematically implement its Integrated ESG approach in fixed income portfolios.

It also expanded its sustainable investment offering, launching three multi-factor SRI funds for global, European and emerging market equities and converting a flagship multi asset fund family into SRI strategies.

AllianzGI has pioneered the development of two fixed income strategies focused on sustainable investing in emerging markets to reflect growing client interest.

AllianzGI has also expanded its alternative offering with the launch of the Allianz Impact Investment Fund. Its remit is to invest in private debt and equity opportunities that generate measurable environmental and/or social impact as demonstrated through KPIs that align with the framework of the U.N. SDGs. Overall, the assets under management of AllianzGI's sustainable investment offering have increased to 165 billion Euro¹ (as of 31 December 2019).

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

SUSTAINABILITY IN CORE BUSINESS ACTIVITIES

03.3 SUSTAINABILITY IN ASSET MANAGEMENT

ENGAGEMENT AND STEWARDSHIP ACTIVITIES

AllianzGI investment professionals engage with investee companies to help them to improve their performance and safeguard their long-term prospects. Engagement is aimed at enhancing understanding of the company, assessing leadership and oversight and building confidence in the Board and management team. With 448 company engagements covering 711 issues in 333 companies and 28 markets AllianzGI has intensified its engagement activities in 2019.

Engagement activities focus on the investee company's strategy, operational or financial performance, capital management, corporate governance and environmental and social impacts. Investment views are influenced by the outcome of this engagement and linked to the proxy-voting process, forming a consistent stewardship approach. In 2019, AllianzGI voted at 9,532 shareholder meetings. In 77% of the meetings we voted against management, withheld or abstained with at least one vote.

LAUNCH OF THE ALLIANZ CLIMATE TRANSITION FUND

With the launch of the Allianz Climate Transition Fund, AllianzGI has introduced a pragmatic investment solution for clients who value a decarbonizing approach. The Fund's strategy is to invest in European equities that focus on achieving a low-carbon economy. Companies selected will either demonstrate a significant reduction in their carbon footprint through credible and ambitious reduction targets or will develop and provide efficient solutions that help others to reduce their carbon footprint.



In addition to direct engagement with the boards and management of sizeable holdings, AllianzGI leads targeted, themed engagement projects – such as on cyber security and the role of climate change in investee companies' strategy. It also participates in collaborative engagement initiatives aimed at improving corporate practices and disclosure of information at industry and market levels.

[You can find more detail on AllianzGI's ESG related policies and proxy voting reports here.](#)

FINANCING THE LOW-CARBON ECONOMY

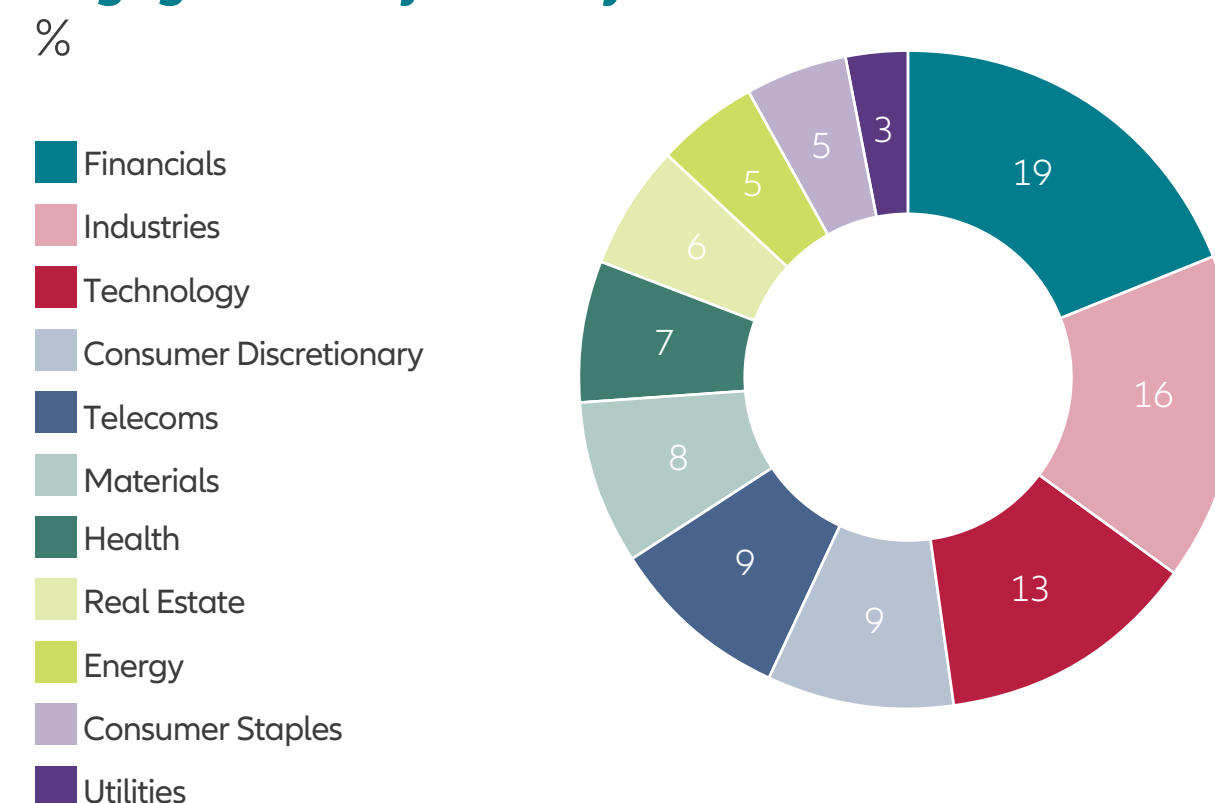
It is beyond question that climate change will have significant investment implications in the years and decades to come. It will fall to active managers to distinguish the potential winners from the losers and support the innovation required to tackle these challenges, be it through market finance or other means.

AllianzGI is one of 35 members appointed to the Technical Expert Group to advise the E.U. Commission on the implementation of its Action Plan on Sustainable Finance. This is an opportunity for AllianzGI to actively engage at a policy level to help shape the European sustainable finance agenda and its focus on the low-carbon transition.

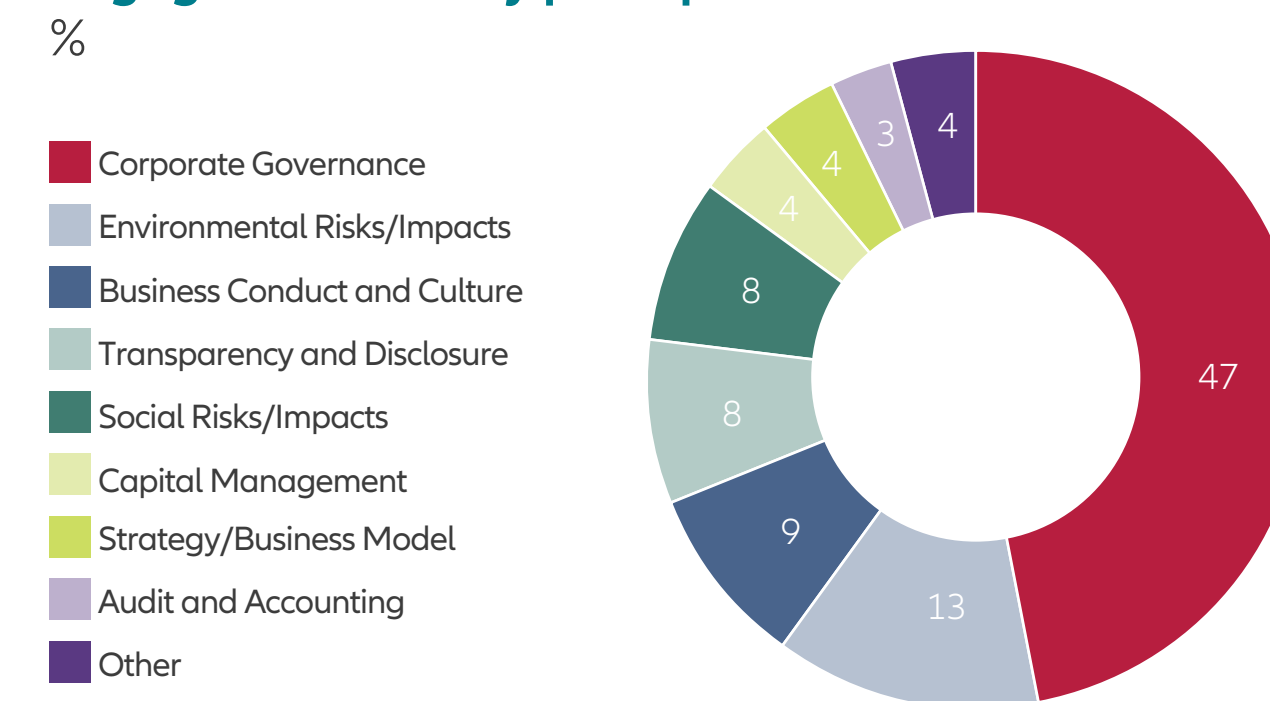
More specifically, AllianzGI's representative helped define and develop minimum requirements and specifications for Paris-aligned, climate-transition benchmarks and, in June 2019, publicly communicate the Group's proposals to stakeholders.

AllianzGI is also a founding member and an active participant in the Climate Finance Leadership Initiative. In September 2019, it was tasked by the U.N. to present its recommendations on how the mobilization and deployment of private sector capital can help to meet the goals of the Paris Agreement. In 2019, AllianzGI joined Allianz SE and many other companies in supporting the recommendations of the TCFD.

Engagements by industry



Engagement activity per topic



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ESG IN DIRECT INFRASTRUCTURE

As ESG factors usually play out in the long-term, they need to be a key consideration when investing in private markets, particularly in infrastructure.

The investment team of Allianz Capital Partners (ACP), a company of AllianzGI, carries out an internal ESG screening process to determine the ESG 'health' of the investment when they first identify new direct infrastructure opportunities. The evaluation also reflects the views of ESG Committees within the wider Allianz Group including the ESG, risk and communications functions and considers fundamental issues such as environmental contamination (ground, water and air including CO₂ emission levels), social impact (including resettlement, maltreatment of people and loss of rights for both land and water) and governance (ethical and business compliance).

If no key issues are flagged, the investment opportunity passes on to a secondary due diligence stage where internal scrutiny is supplemented by external advice. This assists in further evaluating ESG performance and the materiality of any risks. Based on this information, ACP is able to consider the human and financial impact of ESG risk covering severity levels, resulting impact, potential liability, probability of occurrence and remedy implementation.

Historically, analysis has focused on potential downside risk and ACP is working toward identifying ESG opportunities in this process. An investment will only be presented to the Allianz Group Investment Committee for approval once ESG issues have been satisfactorily addressed (find out more about the ESG screening and assessment process in section 02.4 and 03.2.1). ACP applies the same process and scrutiny on ESG issues in its newly-established infrastructure offering for third-party clients.

In the event that an ESG risk is considered material, the investment opportunity is declined and the reasons noted by ACP and within Allianz. In 2019, ACP rejected a number of coal- and oil-related investment opportunities at the early stages of

evaluation due to their perceived ESG risk and non-alignment with Allianz's decarbonization approach.

Opportunities with strong ESG benefits are encouraged and this must be complementary to the underlying economic attractiveness of the investment. The Investment Team addresses ESG liabilities in a number of ways during the due diligence process. If, on balance, an ESG risk is acceptable, quantifiable and remediable, ACP may seek representations and warranties from the seller and/or factor in any potential resulting financial impact.

On acquisition of an investment ACP conducts an audit to ascertain if the existing compliance and ESG procedures within the new Portfolio Company are in line with Allianz's requirements or in line with industry peer benchmarks. ACP may suggest improvements and require additional reporting measures to bring it in line with its other Portfolio Companies, but will not

change systems for the sake of homogeneity. Where the new Portfolio Company's ESG performance falls below industry benchmarks, as a matter of priority ACP will define a remedy plan with the management team and if required bring in external advisors. Implementation takes place as a first step within the first 100 days of asset ownership and is then followed on an ongoing basis. Any ESG remediation requested by Allianz ESG Committees as part of the final investment recommendation to the Allianz Group Investment Committee is reflected in this 100-day plan; ACP will continue to work on any unresolved issues even if they fall outside the 100-day plan time limit.

Portfolio companies are required to report regularly to ACP including through bi-annual reviews, during which ESG progress is monitored, ESG reporting improvements are implemented and new targets (including decarbonization) are set. Should a material ESG issue occur however, this is reported immediately to the relevant Allianz ESG Committee.



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03.3.2 PIMCO

The global bond market with an estimated size of over \$100 trillion is essential to financing a sustainable future. As a leader in the industry, PIMCO has an opportunity to spearhead this positive change. For third party investment customers, PIMCO manages assets of roughly 113.8 billion USD invested in Socially Responsible Investing (SRI)¹ strategies. PIMCO's approach to ESG investing rests on two pillars.

First, it integrates ESG analysis in its broad investment research process. Systematically incorporating traditionally non-financial factors into the research process provides a more holistic view of the long-term credit-worthiness of issuers. Second, for investors seeking greater ESG orientation in their portfolios, PIMCO has created a platform of ESG-centered solutions that focus on delivering financial returns while achieving sustainability objectives and driving positive environmental and social change.

ESG portfolios utilize the same investment resources and incorporate the same macro positioning as other PIMCO portfolios. Unlike other portfolios, however, ESG portfolios emphasize three additional building blocks:

- **Exclude:** PIMCO ESG portfolios exclude issuers - by prospectus and in practice – fundamentally misaligned with sustainability principles;
- **Evaluate:** As well as seeking to exclude 'worst-in-class' ESG issuers, PIMCO ESG portfolios emphasize 'best-in-class' ESG issuers; and
- **Engage:** The final building block is constructive and collaborative engagement with issuers to influence ESG practices over time.

PIMCO has continued to integrate its ESG framework across key fixed income sectors, namely corporates, sovereigns, securitized mortgages and U.S. municipals. It also launched new ESG strategies, focused on ESG opportunities across Global Investment Grade Credit and Emerging Markets, strategies focused on Short Term fixed income securities and Fundamental Equity investing as well as a bespoke Climate Bond Strategy.

PIMCO published its second ESG Annual Investment Report, providing a comprehensive overview across multiple ESG initiatives and its robust engagement progress.

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

ADVOCACY AND COLLABORATION

In its effort to support a globally-coordinated ESG voice, PIMCO partners closely with key industry groups, including:

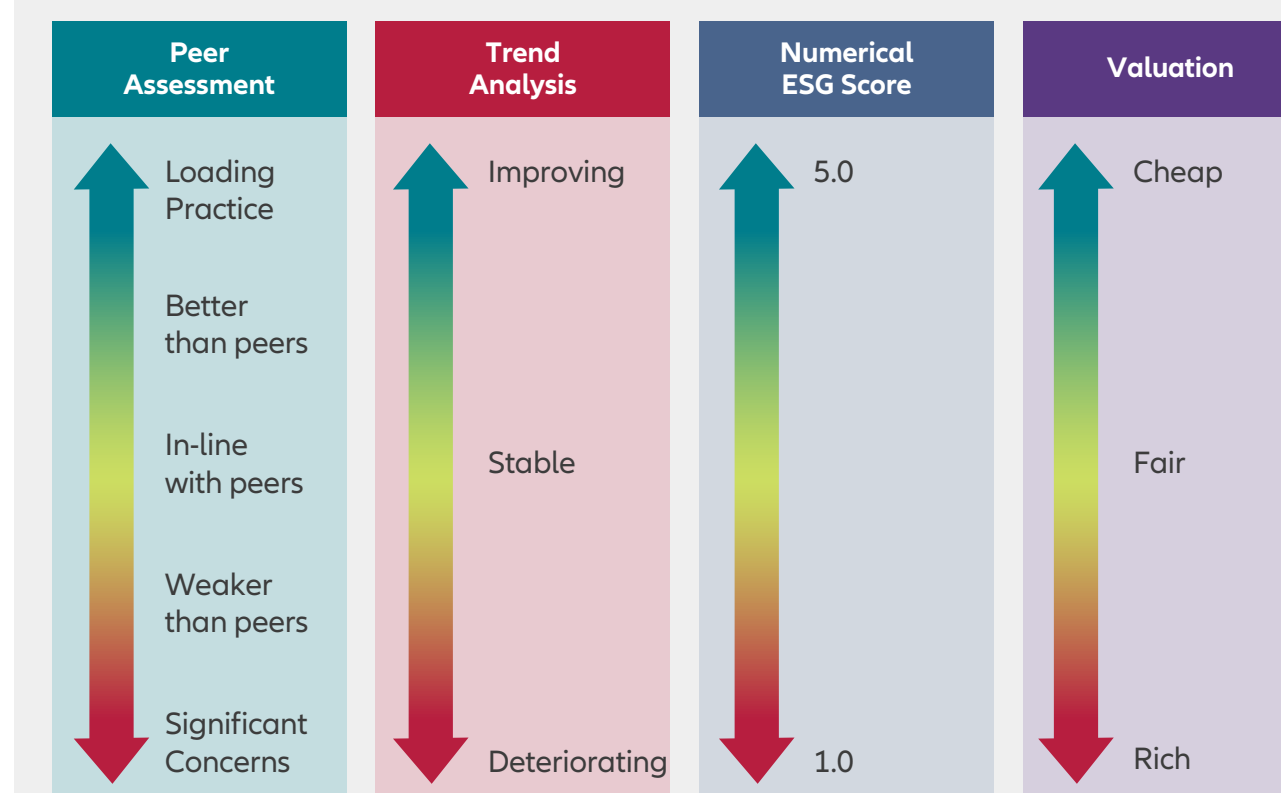
- Work with the U.N. Global Compact to advance progress towards the SDGs;
- Promote climate related financial disclosures by signing up to the TCFD;
- Leverage on collaborative engagement via the Climate Action 100+;
- Collaboration with the PRI to develop a work stream linking ESG-based analysis across sovereign issuers; and
- Membership of the recently announced U.N. Secretary-General's Global Investors for Sustainable Development Alliance (see page 32) which brings together 30 influential leaders from the corporate world in a bid to free up trillions of dollars to finance the SDGs.

ESG INTEGRATION AND ENGAGEMENT

PIMCO's team of credit research analysts assesses the ESG profile of the issuers that they cover relative to peers with a goal of separating leaders from laggards. Using industry-specific ESG frameworks, analysts review their companies' ESG performance based on information available in public filings, recent ESG news and controversies, as well as through regular engagement with company management teams to assign separate scores for 'E', 'S' and 'G'. PIMCO's resulting assessments are proprietary and distinct from those provided by ESG rating providers.

As shown in the figure below, scores distinguish between 'Leading Practice' issuers and those that raise 'Significant Concerns'. They also include a forward-looking assessment of the 'ESG Trend', which recognizes companies whose ESG performance is significantly improving or deteriorating.

PIMCO's ESG scoring system



Source: PIMCO. For illustrative purposes only.

¹ We consider SRI investing to be an ethics or values-based approach to investing for which investors employ negative screening to prohibit exposure to certain "sin sectors". The above number includes selected PIMCO funds and separate accounts that use negative screens.

SUSTAINABILITY IN CORE BUSINESS ACTIVITIES

03.3 SUSTAINABILITY IN ASSET MANAGEMENT

These factors are combined to create a proprietary ESG score in which the relative weighting of the E, S and G pillars, and the trend assessment, is based on the company's business profile and differences in industry dynamics. For example, the environmental pillar has the highest weight for issuers in extractive industries (e.g. oil, gas, and mining), the social pillar has the highest weight for pharmaceutical issuers, and the governance pillar has the highest weight for financial issuers.

PIMCO's ESG engagement with issuers is a critical component of its in-depth research analysis, leveraging the firm's extensive platform, 50+ year investment history and scale as a large asset manager analysis. This engagement dialogue provides important input to PIMCO's forward-looking ESG trend assessment, which seeks to identify issuers whose performance is improving or deteriorating. PIMCO's analysts and portfolio managers spend a significant amount of time conducting calls and in-person meetings with issuers' senior management. This regular dialogue across multiple touch points is a highly effective method of engaging on ESG issues and has led to multiple instances of successful engagements, at both corporate and sovereign levels.

PIMCO'S CLIMATE STRATEGY

Climate change is proving to be a disruptive force in the global economy; there have been notable examples of global markets feeling the consequences of deadly wildfires, hurricanes, floods and other climate-related catastrophes. The impacts affect investments across asset classes and create significant investment opportunities, including a wide range of fixed income securities: corporate credit; mortgage-backed securities; sovereigns; and municipalities.

As a steward of client assets, it is critical that PIMCO incorporates climate risk evaluations in its investment decisions. Active asset managers must be forward-looking and consider material risks that are on the horizon, not just those immediately affecting issuers.

Climate risk now features in PIMCO's proprietary ESG scores for the issuers evaluated.

To help analysts evaluate climate risk, PIMCO's ESG specialists have designed seven proprietary tools (see table). The insights these tools provide are intended to help portfolio managers to better manage and mitigate climate-related credit risks and align ESG dedicated portfolios with the Paris Agreement. Additionally, they are the basis for the recently launched climate bond strategy that focuses on both the risks and, importantly, the opportunities associated with the transition to a net zero emissions economy.

[Read more about PIMCO publication online here.](#)



SUMMARY OF PIMCO'S SEVEN TOOLS FOR CLIMATE RISK ANALYSIS AND MANAGEMENT

Objective	Tool	Focus	PIMCO tool name	Key Question
Lower credit risk	1	Economic Impacts (Top-down)	Climate Macro Tracker	How to assess and decrease portfolio exposure to financial risks brought about by climate change?
	2	Credit Risk Impacts (Bottom-up)	Portfolio Climate Heat Map	
	3		Issuer Climate Heat Map	
Reduce Carbon Emissions	4	Brown bonds	Energy and Technology Mix compared with the Paris Agreement (IEA scenarios)	How to reduce portfolio exposure to activities that help mitigate global warming?
	5	Carbon Intensity	Portfolio Carbon Intensity	How to reduce portfolio's carbon footprint?
	6	Green Bonds	Green Bonds Framework	How to increase portfolio's exposure to activities that help mitigate global warming?
Both Objectives	7	Engagement	Expectations toward issuers on climate change	How to influence companies strategy?

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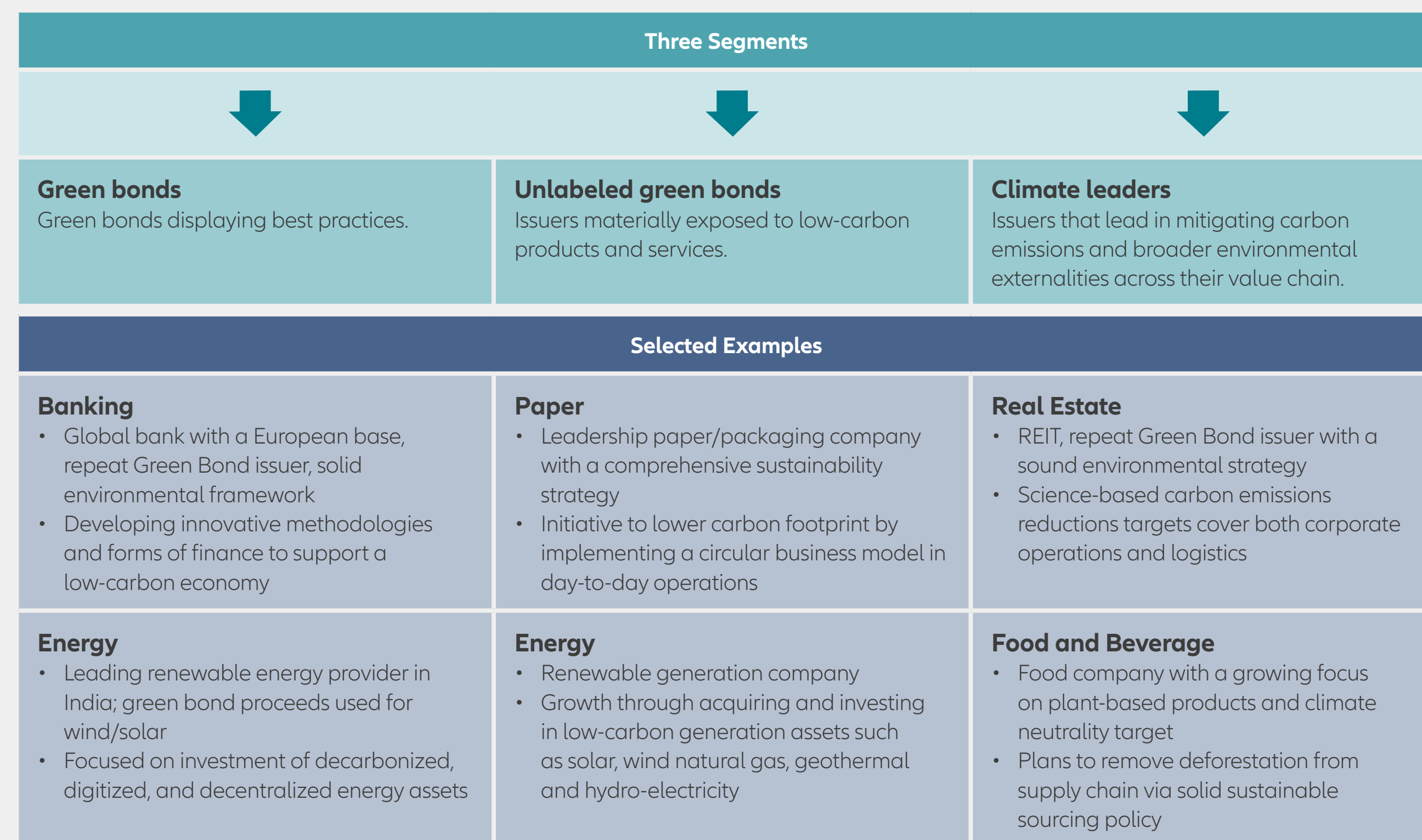
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PIMCO'S CLIMATE STRATEGY (CONTINUED)

The Climate Bond Strategy offers a multi-sector credit portfolio that aims to help foster the transition to a net zero carbon economy while seeking risk-adjusted returns comparable to an investment grade credit portfolio. The Climate Bond Strategy opportunistically invests in those demonstrating global leadership of climate action through labeled and unlabeled green bonds targeting specific low-carbon investments, as well as the bonds of issuers demonstrating innovative approaches to environmental sustainability (see graphic).

INVESTMENT SEGMENTS FOR PIMCO'S CLIMATE BOND STRATEGY



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03.4 SUSTAINABLE SOLUTIONS



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Providing responsible and innovative solutions represents a significant business opportunity for the insurance market and for Allianz. Through its Sustainable Solutions program, Allianz provides products and services that create shared value by improving people's lives and/or delivering a positive environmental or climate-related impact.

In 2019, Allianz generated revenues totaling 1.33 billion Euro¹ from 203 sustainable solutions. They included 97 sustainable insurance solutions, 28 emerging consumer solutions², 35 insurance solutions with a sustainability component³ and 43 sustainable asset management solutions⁴.

As a leader in the emerging consumers sector, Allianz has reached over 10.0 million people living on low incomes in Asia, Africa and Latin America with affordable microinsurance and micro-savings solutions (see section 03.1.5)⁴.

Allianz is a partner in the transition to a low-carbon economy. Its insurance, risk management solutions and advice enable individuals, companies, and governments to implement renewable energy projects and manage climate-related risks (see section 03.1.3).

HOW WE DEFINE AND DEVELOP SUSTAINABLE SOLUTIONS

Every year, Allianz local entities and global lines develop new and/or identify existing sustainable products and services for their customers. We differentiate between four categories of sustainable solutions.

CATEGORIES OF SUSTAINABLE SOLUTIONS

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

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 (such as add-ons to home or car insurance products).

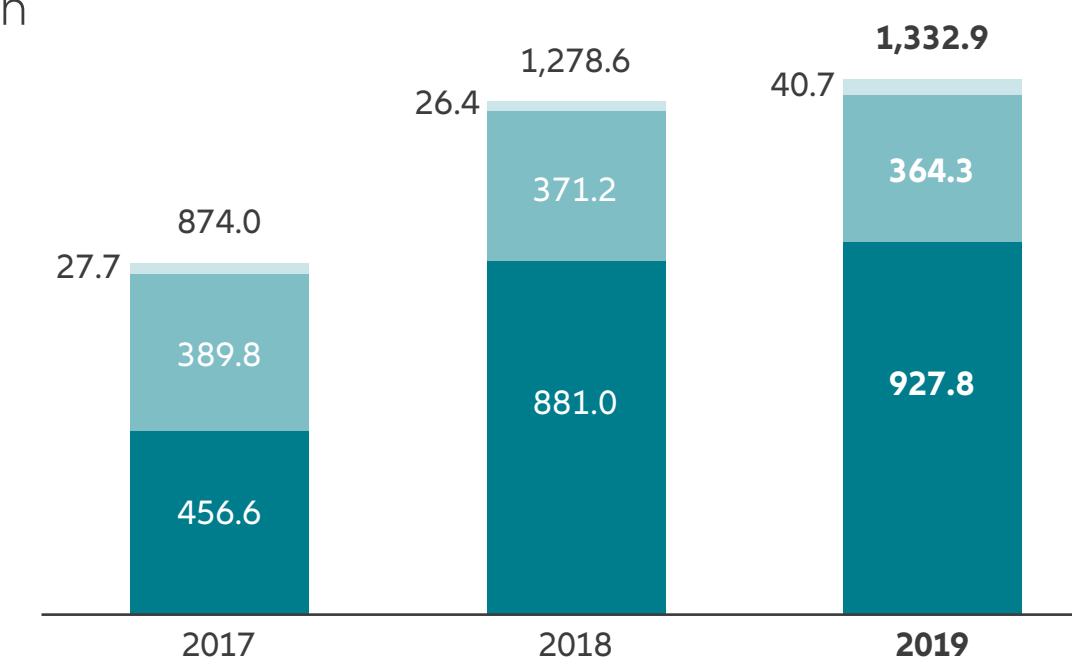
Emerging consumer solutions Emerging consumer solutions include affordable microinsurance and other insurance products that cater to customers entering financial services markets for the first time.
[To find out more, please see section 03.1.5.](#)

Sustainable asset management solutions Sustainable asset management solutions include the ESG and Socially Responsible Investment (SRI) products and strategies offered to third-party asset management clients.
[To find out more, please see section 03.3.](#)

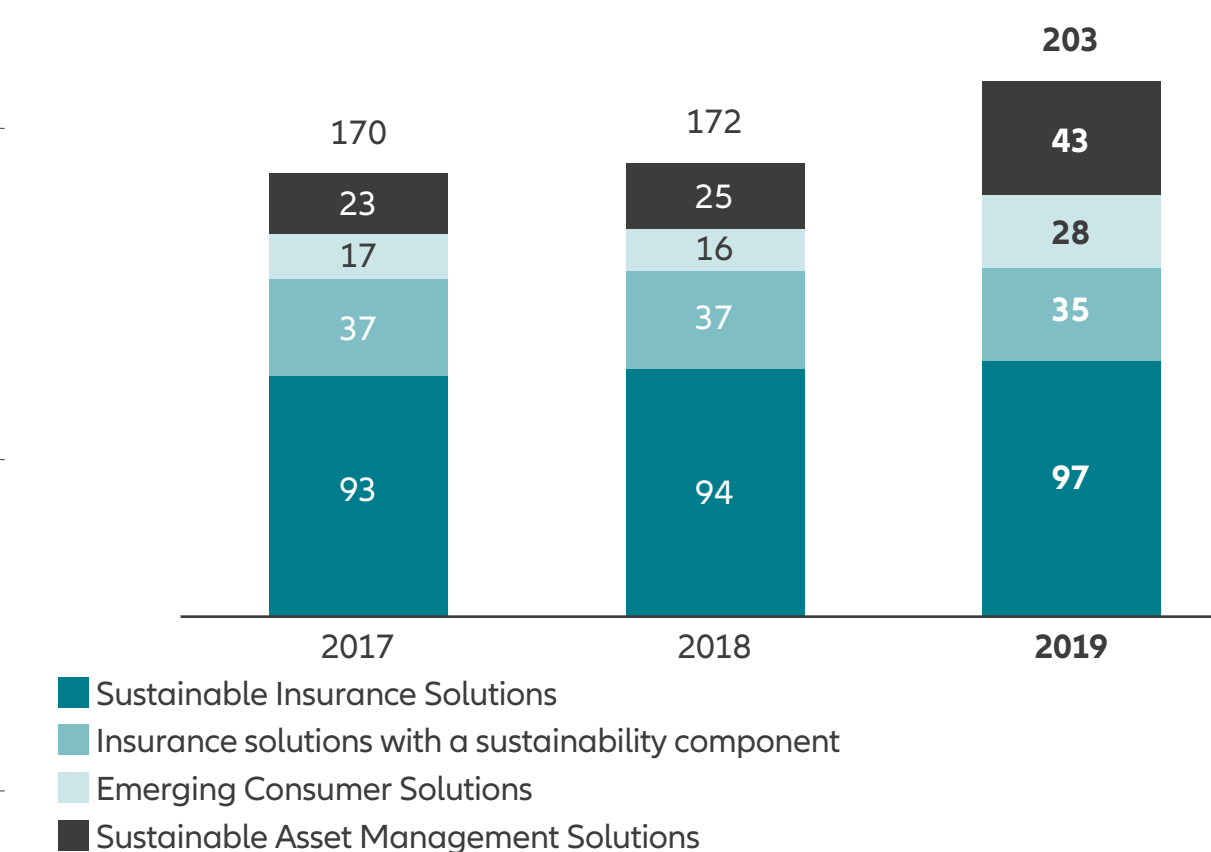
Sustainable solutions performance

Revenue from sustainable solutions by category^{1,4,6}

€ mn



Number of sustainable solutions by category⁷



Details about the number of sustainable solutions Allianz offers, and associated revenues and trends, can be found in section 06.3 in Tables ESG-4 and ESG-5.

1 Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability.
 2 This figure includes only emerging consumer solutions from consolidated entities. Allianz non-consolidated entities (such as Allianz in India) offer an additional 13 solutions.
 3 Revenue data for insurance solutions with a sustainability component is only included when this component can be clearly separated from other parts of the revenue.
 4 Revenue data is not collected for sustainable asset management solutions.
 5 This figure includes only emerging consumers served by consolidated entities. Allianz nonconsolidated entities (such as Allianz in India) serve an additional 39.4 million customers.
 6 Data for 2017 and 2018 has been restated.
 7 Sustainable asset management solutions figures have been restated in 2017 and 2018. Sustainable insurance solutions have been restated in 2017. As a result, totals have also been restated for 2017 and 2018.

SUSTAINABILITY IN CORE BUSINESS ACTIVITIES

03.4 SUSTAINABLE SOLUTIONS

SUSTAINABLE SOLUTIONS EVALUATION CRITERIA

To be included as a sustainable solution, a product must meet at least one of six sustainable solutions criteria (see below).

Environmental criteria¹

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

Social criteria

1. Facilitates activities to tackle social challenges and issues faced by socially disadvantaged groups² (e.g. insurance tailored to social value-adding products/services that would otherwise not be insured)
2. 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)
3. Raises awareness to prevent and mitigate challenges faced by socially disadvantaged groups (e.g. products that include cause-related marketing or support schemes manage weather-related risks)

EXAMPLES OF SUSTAINABLE SOLUTIONS

Renewable Energy Insurance

We offer renewable energy insurance solutions in 21 entities such as Allianz Brazil, Allianz Italy and Allianz Ukraine.

Insurance for IGO and NGO staff

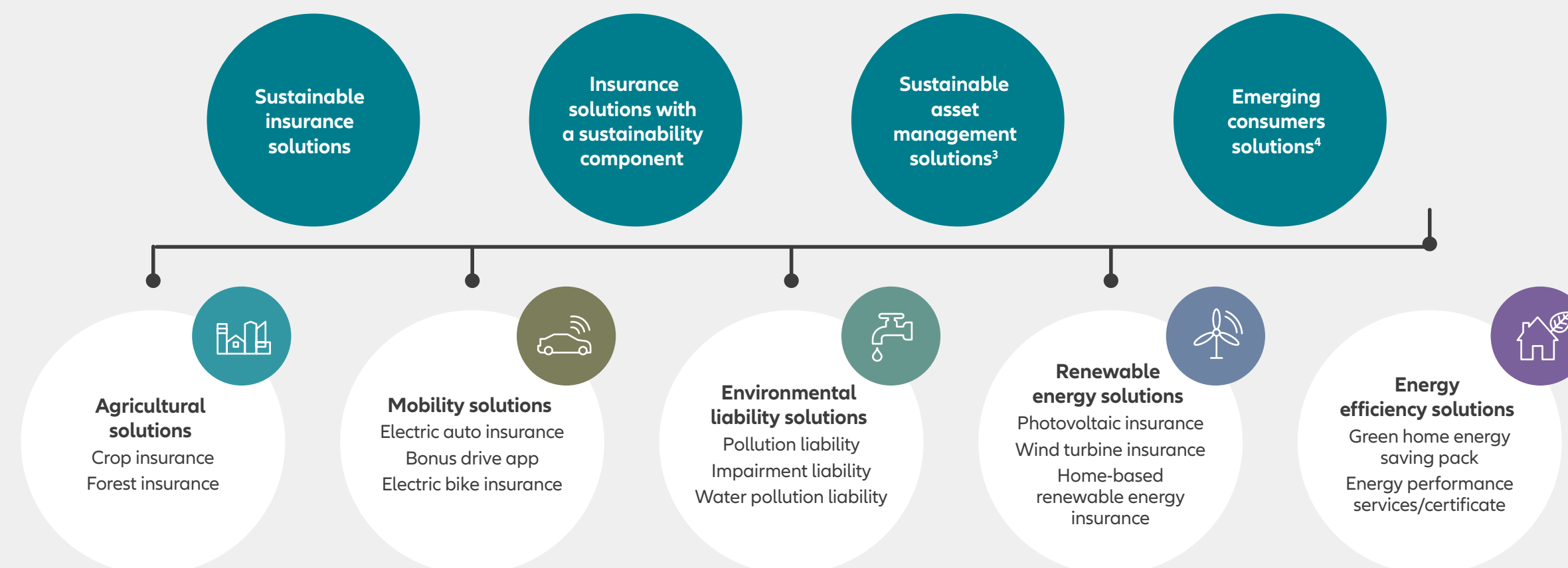
We offer insurance solutions for employees of international organizations and NGOs through Allianz Care.

Insurance for persons with disabilities

We offer tailored solutions for persons with disabilities such as Allianz Ability Life insurance in Allianz Malaysia.

WHAT DO WE MEAN BY SUSTAINABLE SOLUTIONS?

Examples of Allianz products with an environmental or social added value.



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

² Socially disadvantaged groups are defined as populations that are excluded in their local society for reasons that may be tied to age, sex, disability, race, ethnicity, origin, religion, economic or other status. See section 04.3 for more details.

³ See section 03.3 for more details.

⁴ See section 03.1.5 for more details.

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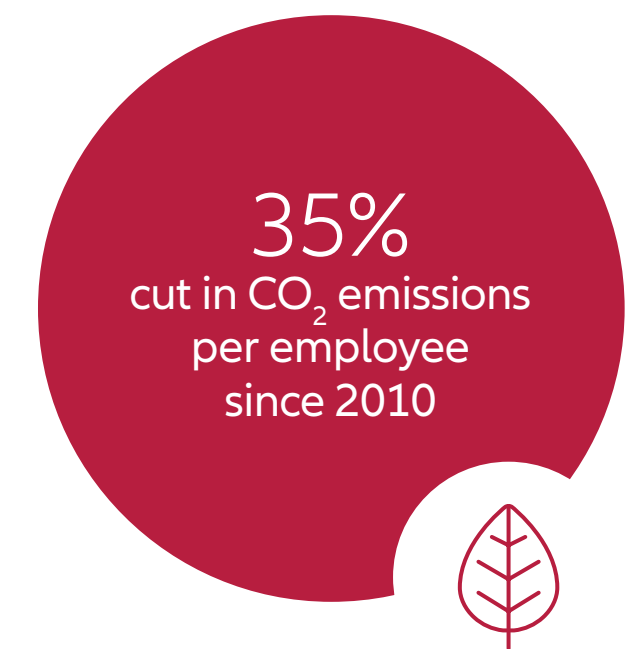
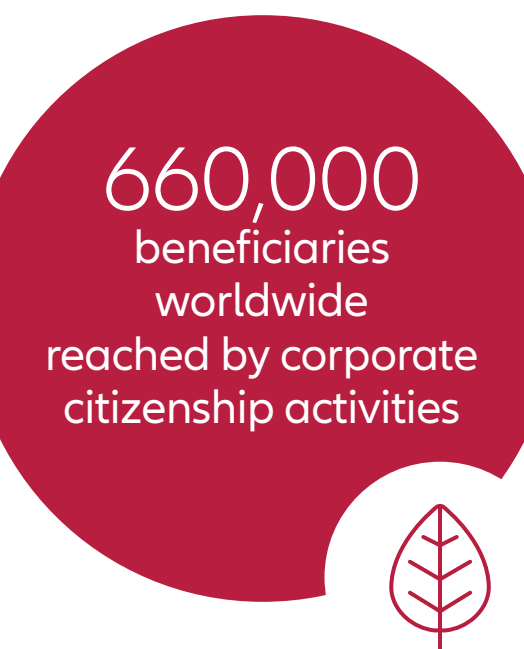
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04 SUSTAINABILITY IN OPERATIONS

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

We strive to embed sustainability in all areas of our Allianz's operations – from providing a workplace where people and performance matter to protecting customers' data, reducing our environmental impacts and fostering social inclusion through our global corporate citizenship activities.

Through its social inclusion program, Encouraging Future Generations, Allianz promotes inclusion of young people worldwide.



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Defining future workforce requirements in a fast-changing world is one of the key challenges facing business. Which employees to recruit? Which trainings to offer? And which leadership styles, development and remuneration strategies are needed to be seen as an attractive employer by the most talented people?

Allianz fosters a culture and working environment where both people and performance matter. This includes taking a strong stance regarding gender equality, inclusion and diversity, training and development, employee engagement and caring for the health and safety of employees.

INCLUSIVE MERITOCRACY: A CULTURE WHERE PEOPLE AND PERFORMANCE MATTER

Inclusive Meritocracy is the term Allianz uses to describe a culture and working environment where both people and performance matter. Our Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards inclusive meritocracy. This internal index is based on ten items from the Allianz Engagement Survey (AES) which deal with leadership, performance, and corporate culture.

Allianz's target is to reach an Inclusive Meritocracy Index score of 73 percent by 2021. In 2019, we met this target, scoring 73 percent, up from 68 percent in 2015 and 71 percent in 2018. The Allianz People Attributes are at the core of all activities; employees live by these principles and they are at the heart of Allianz's corporate culture. The People Attributes also impact all areas of HR management – from recruitment, promotion and reward to people development and feedback culture.

STRATEGIC WORKFORCE PLANNING

To prepare our workforce for the future, Allianz is expanding its strategic workforce planning program across all operating entities. By end of 2019, it covered around 32 percent of the global Allianz workforce and this will increase to 60 percent by the end of 2020 and 80 percent by the end of 2021.

Understanding what the transition to a more digital world means for Allianz and its people is a strategic priority. Five-year strategic workforce plans focus on upskilling, reskilling and smart recruitment while minimizing potentially detrimental social and financial impacts. Digitalization is going to change the composition of the future workforce. Some job profiles are not going to exist in the future and there will be new profiles and capabilities to be developed, alongside considerable changes in existing profiles and required skills. This will lead to major up- and reskilling initiatives in order to prepare the workforce for future requirements. Also a smart recruiting strategy is needed as like-for-like backfills will no longer ensure the acquisition of the right skills for the future.

Strategic workforce planning at Allianz works by comparing workforce supply within the next five years by job profile against workforce demand. This analysis gives us the right indication on where to invest first and most wisely in our workforce.

HR TRANSFORMATION

Allianz is building a business-oriented, global HR function which acts as an impactful, strategic partner and service provider to the business globally. This transformation involves increasing standardization and automation in areas where it creates

substantial value and creating stronger user focus to improve the employee experience across all areas of HR.

In 2019, the HR Transformation Program was refined in a collaborative approach with operating entities in order to simplify and enhance speed of the Program. Additionally, standardized and redesigned functionalities across talent management, performance management, compensation, and/or variable pay were rolled out across various OEs in the Asia-Pacific region, Central and Eastern Europe, as well as Iberian and Anglo markets in December. The rollout for the future HR Portal and the piloting phase for the Global HR chat bot is planned to be started in 2020.

EMPLOYEE RIGHTS

Allianz actively supports employee rights and strives to apply core human rights principles based on the United Nations Universal Declaration of Human Rights throughout the organization.

As a participant of the United Nations Global Compact, its 10 principles are integrated into the globally binding Allianz Code of Conduct.

Allianz respects the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and is a signatory to the International Labor Organization (ILO) Declaration on Fundamental Rights and Principles at Work, including the ILO declaration on the freedom of association and the right to collective bargaining.

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 companies.



THE FOUR ALLIANZ PEOPLE ATTRIBUTES



Customer and Market Excellence



Collaborative Leadership



Entrepreneurship



Trust

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FAIR AND TRANSPARENT REWARD

Allianz's remuneration and incentive structures are designed to reward people in a fair and appropriate way using monetary and non-monetary rewards to encourage sustainable value creation.

Allianz's remuneration system provides a transparent and balanced offering to attract, motivate and retain highly qualified employees. Based on position, employees receive local market-based fixed compensation (base salary and in some markets additional fixed special payments such as tariff-mandated payments in Germany) and additionally can be eligible to receive variable compensation. To continuously maintain market excellence, Allianz obtains benchmarking information on an annual basis. Compensation is reviewed annually to ensure the remuneration offering remains competitive in relevant markets, taking into account individual performance and internal and external adequateness aspects.

A variable remuneration system aligns remuneration with individual performance and the achievement of Allianz's financial and strategic goals. This 'pay for performance' culture allows Allianz to operate effectively under different performance scenarios and business circumstances, while promoting risk control and avoiding inappropriate risk taking.

Allianz is working to bring greater transparency to job roles and capabilities by developing a common global language and understanding of roles. This will enable more targeted learning and development, career paths, strategic workforce planning and succession planning. It also underpins fair and equal pay initiatives.

EMPLOYEE SHARE PURCHASE PROGRAM

Allianz motivates its employees to contribute to its strategy and digital transformation by creating a shareholder culture that includes sharing the 'digital dividend' with employees.

The Allianz Employee Share Purchase Program (ESPP) was launched across 30 countries in 2018. It was designed to provide eligible employees with the opportunity to purchase Allianz shares with a substantial discount: For every three Euros employees invest, Allianz adds another 1 Euro into the plan for them. Shares purchased in the ESPP are subject to a three year holding period in order to promote long-term value creation and align employees' interests with those of shareholders.

In 2019, the ESPP was extended to 11 more countries: the U.S., Canada, Bermuda, Mexico, China, South Africa, Lebanon, Sweden, Norway, Finland and Denmark.

In 2020, the ESPP will be extended to include employees in the U.K., covering approximately 92% of the total Allianz population in 42 countries.

As productivity goals have been met in 2019, Allianz will offer a free share to all Allianz employees where legally possible in order to celebrate the early successes of its strategy in 2020¹.

04.1.1 INCLUSION AND DIVERSITY

Allianz fosters a culture of inclusion where employees feel they belong, are valued and can contribute their ideas regardless of gender, race, sexuality or ethnic background. Consistent with the Allianz Code of Conduct, there is zero tolerance of discrimination and harassment in the workplace.

The long-standing Global Inclusion Council sets the direction of the Diversity and Inclusion Strategy and is chaired by Board Member of Allianz SE, Niran Peiris.

Inclusive leadership is a standard component of leadership programs. Allianz trains people on the topic of unconscious bias to raise awareness and educate them on what can be done to reduce the negative impact of bias in, for example, job interviews and performance reviews.

Inclusivity in Sport

Allianz encourages inclusivity in the world of sport and has partnered with the International Paralympic Committee (IPC) since 2006. This long-running global partnership helps increase awareness and popularity of sports among people living with a disability.

¹ **New definition:** All employees who work and reside in an Employee Share Purchase Plan (ESPP) country from 01 August 2020 throughout 06 October 2020 are eligible for the Free Share. Board of Management members, students and interns are not eligible. Employees in non-ESPP countries will receive a cash-equivalent instead – primarily due to legal constraints.

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CELEBRATING DIFFERENCE

Gender equality continues to be a key focus at Allianz. Over the years we have emphasized on identifying female successors for leadership roles, provide development opportunities, increasing flexible work options and addressing unconscious bias in all our processes and our efforts are paying off. The number of women in Allianz Boards has increased to 31% and also the 2021 global talent pool target has already been reached.

In addition to its focus on gender equality, Allianz supports initiatives designed to raise awareness of inclusion and diversity and to celebrate a diverse workforce.

One of the important factors to drive change is open dialogue. Employee networks give Allianz employees a voice and enable them to connect with each other to promote information exchange and joint actions

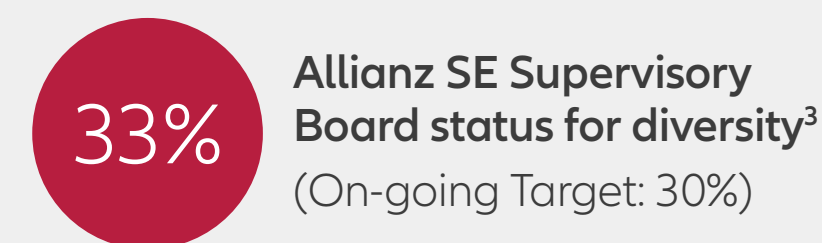
Allianz is proud to have an employee LGBT¹ network called Allianz Pride. This network actively engages in local pride events, such as Coming Out Day. In 2019, this involved communications from Allianz senior leadership about why LGBT inclusion is important. Employees made personal statements on the corporate intranet and reverse mentoring was offered to create a safe space for dialog.

Employees also marked the U.N.'s International Day of Persons with Disabilities by celebrating AllAbility Day. It aims to foster awareness and recognize efforts to advance inclusion of employees and customers with disabilities.

2019 saw the launch of Allianz NEO (Networking – Engagement – Opportunities). An employee network that exclusively focuses on the gender topic and the expansion of Allianz Pride networks across operating entities, including France, Spain and Ireland. Also new employee networks on parents and disability awareness have been started. The aim is to continue focusing expanding the number of local networks as a key tool for fostering local, regional and global collaboration and for shaping Allianz's diversity and inclusion strategy.

WOMEN AND DIVERSITY IN LEADERSHIP

Allianz has group-wide gender parity in its workforce. It continues to drive change to reflect this at management level's taking deliberate actions to support future female leaders world-wide. More details can also be found in the data tables in section 06.5.



1 Lesbian, gay, bisexual and transgender.

2 Includes women functionally responsible for other staff, regardless of level, e.g. division, department and team managers.

3 Diversity on the basis of origin or function and representing regions or cultural areas where Allianz Group conducts business. For additional details see the diversity concept for the Supervisory Board published in the Group Annual Report 2019, page 15.

WE ARE VERY HONORED OF RECEIVING THE FOLLOWING REWARDS



Thomson Reuters/Refinitiv – ranked 8th



Bloomberg – included in index



DAX30 LGBT – ranked 2nd



Universum – ranked 50th

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04.1.2 TRAINING AND DEVELOPMENT

Learning and development is a key differentiator in the financial services industry. As the global workplace and business environment evolve, companies that develop employees' skills for the long-term will be best prepared to respond to emerging trends and opportunities and attract the best talent.

Allianz employs a wide range of learning and development approaches to develop its people. They include: on-the-job learning; mentoring and coaching; classroom training workshops; peer circles; and digital/mobile learning.

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

Allianz focuses its investments on promoting lifelong learning, employability and digital skills. In 2019, it invested over 85 million Euro in developing its employees, equivalent to 613 Euro per employee. Around 75 percent of employees took part in at least one training session and an average of 3.3 days training per employee were delivered.

ALLIANZU

Allianz University (AllianzU) is the group-wide home for employee learning activities. Its vision is to provide every employee of the Allianz Group with the right program to support their continuous development. It does this by providing accessible learning technologies that empower employees to equip themselves with the right information, at the right time.

AllianzU unites group-wide learning and development opportunities, creates new learning content and frameworks, and realizes opportunities to reinforce a culture where people and performance matter.

To increase its impact and efficiency, AllianzU provides digital opportunities such as LinkedIn Learning @ Allianz. Allianz was one of the top users of LinkedIn Learning globally in 2019, based on the number of employees accessing the platform. Other digital education offerings include eBites and an Open Source Online Learning Library.

AllianzU is developing a new state-of-the-art learning platform, aligned with the strategic workforce planning project. It will provide high quality learning content focused on digital skills and includes learning paths for different employee groups based on the outputs of strategic workforce planning. The new platform, developed in 2019, has been launched across pilot operating entities in January 2020 and will provide a 'one stop shop' simplified learning experience for employees. It will leverage content from inside as well as outside the organization to provide high quality learning programs for all employees.



ALLIANZ STRATEGY CAMPUS

Strategy Campus programs are firmly aligned with Allianz's strategy with a global focus. Each program is sponsored by a Board Member and leverages the strategic priorities set by the Renewal Agenda, with the focus on:

- Key challenges critical to Allianz's business transformation by supporting impactful implementation that delivers competitive business value;
- A developmental leadership experience that creates more than the sum of its parts and builds trust; and
- Building an international network of colleagues across functions and companies to maximize collaboration.

Each program is designed in collaboration with a Board sponsor and comprises three training days plus pre- and post-program activities. In 2019, 161 people took part in five programs, including 28 percent women. Going forward, Strategy Campus will incorporate thought-provoking, innovative and future-smart scenarios to empower Allianz leaders to propel the cultural transformation in the digital age.



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PERFORMANCE MANAGEMENT AND TRANSPARENT FEEDBACK

Performance discussions (including Priority Setting, Mid Year Check In, and Year End Review) as well as Personal Development Plan (PDPs) and ongoing feedback are key tools for enabling employees and managers to discuss competencies, skills, experience, performance and potential.

Allianz's global performance management approach now covers more than 24,000 employees, with the rest covered by local performance management processes. The goal is to cover all Allianz employees globally with the global Performance management approach as part of the HR Transformation.

The Multi Rater Feedback tool enables Allianz managers to gain feedback from their peers, direct reports, managers and others and is based on our four people attributes. This feedback is important for providing a transparent basis for development. In 2019 the Multi Rater has been further refined and focuses even stronger on qualitative feedback.

ATTRACTING TALENT

In 2019, Allianz recruited more than 23,000 external candidates. When looking to attract especially digital talent, Allianz is exploring new and innovative ways to reach out to potential candidates. For example by establishing the Allianz employer brand in a new interface. Via Google Assistant specific candidate groups are targeted through online challenges, making them aware of possible career opportunities.

The One Allianz Career Website puts the candidate in the center and simplifies their user journey by making it much easier for them to browse through opportunities across the Group. In 2019, more Allianz entities were on-boarded into the One Allianz Career Website. The One Allianz Career Website combines 40+ local and operating entity specific career websites. Candidates can switch between different countries and vacancies and, no matter where they may be, view all positions available at Allianz worldwide. This enables content to be targeted to attract scarce talent, leading to higher number of quality applications.

To position itself as an attractive employer, Allianz runs a global Instagram careers account. In 2019, local Allianz entities shared career opportunities and showcased their employees and work places around the world. This was well received by employees.

DEVELOPING STRONG LEADERS

The Group sponsored Allianz Management Program is designed to equip the next generation of global Allianz leaders with the knowledge, mindset and skills to lead in an inclusive meritocracy environment. In the last three years it has been completed by over 190 participants, 49% of whom were women, from over 20 different operating entities. In 2019, it was completed by 64 participants, 50% of whom were women.

Allianz's long-term success depends on fostering strong leadership skills at all levels. The Allianz Leadership Development Program is a group-wide program for experienced leaders that provides participants with development support for their next career step to a senior executive role in the near future. Over the past three years 91 of our high potential leaders have completed this program of whom 42% were women. In 2019, it was completed by 31 new leaders, 54% thereof were women.

One of the first global programs launched by the leadership academy to support our Inclusive Meritocracy initiative was awarded two Gold Brandon hall awards: Best Unique or Innovative Learning and Development Program & Best Learning Program Supporting a Change Transformation Business Strategy. This a recognition that we are on the right course with the investments that we are making in our leaders development.

Leading with people development

For the third year running, Allianz led the insurance sector for 'human capital development' in the RobecoSAM Corporate Sustainability Assessment, which underlies the Dow Jones Sustainability Index (DJSI).



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04.1.3 EMPLOYEE ENGAGEMENT

Allianz makes employee engagement a high priority, recognizing that an engaged workforce performs better, is more committed and delivers a stronger customer focus.

THE ALLIANZ ENGAGEMENT SURVEY

Over the past nine years, the Allianz Engagement Survey has become the main employee feedback platform for gathering feedback and promoting a high-performance culture. Survey results are directly linked to the performance objectives of the Group's Board of Management.

In 2019, 123,505 employees from more than 60 Allianz companies worldwide were invited to take part in Allianz Engagement Survey, with a response rate of 84 percent (2018: 81 percent).

Results were shared with eligible managers within several days after survey closing and a new self-service online dashboard was launched to communicate the results.

Reflecting Allianz's commitment to building a culture of Inclusive Meritocracy, managers and employees discussed the results of the survey within their teams and agreed actions to address areas for improvement.

EMPLOYEE ENGAGEMENT INDEX

Allianz uses the Employee Engagement Index (EEI) to monitor employee satisfaction, loyalty, advocacy and pride.

In 2019, the Employee Engagement Index score was 72 percent (2018: 70 percent). This score has increased due to the many organizational development activities implemented across the organization, specifically the focus on clear communication of strategy and purpose from top management.

ACTING ON EMPLOYEE FEEDBACK

Key focus areas from the 2018 results, which were addressed in 2019, were:

- Vision & Strategy: Top Management at Group and OE level to create, align, communicate and role model a motivating vision of the future
- Operations: Simplify processes, provide effective technology and address our employees' pain points
- Culture: Walk the talk on People Attributes & Develop new ways of working supported by inclusive leaders that inspire change

As a result of this focus we have seen marked improvement in all three areas in the 2019 AES results with specific achievement on the topic of Top Management and Strategy score (up 4 percentage points in 2019).

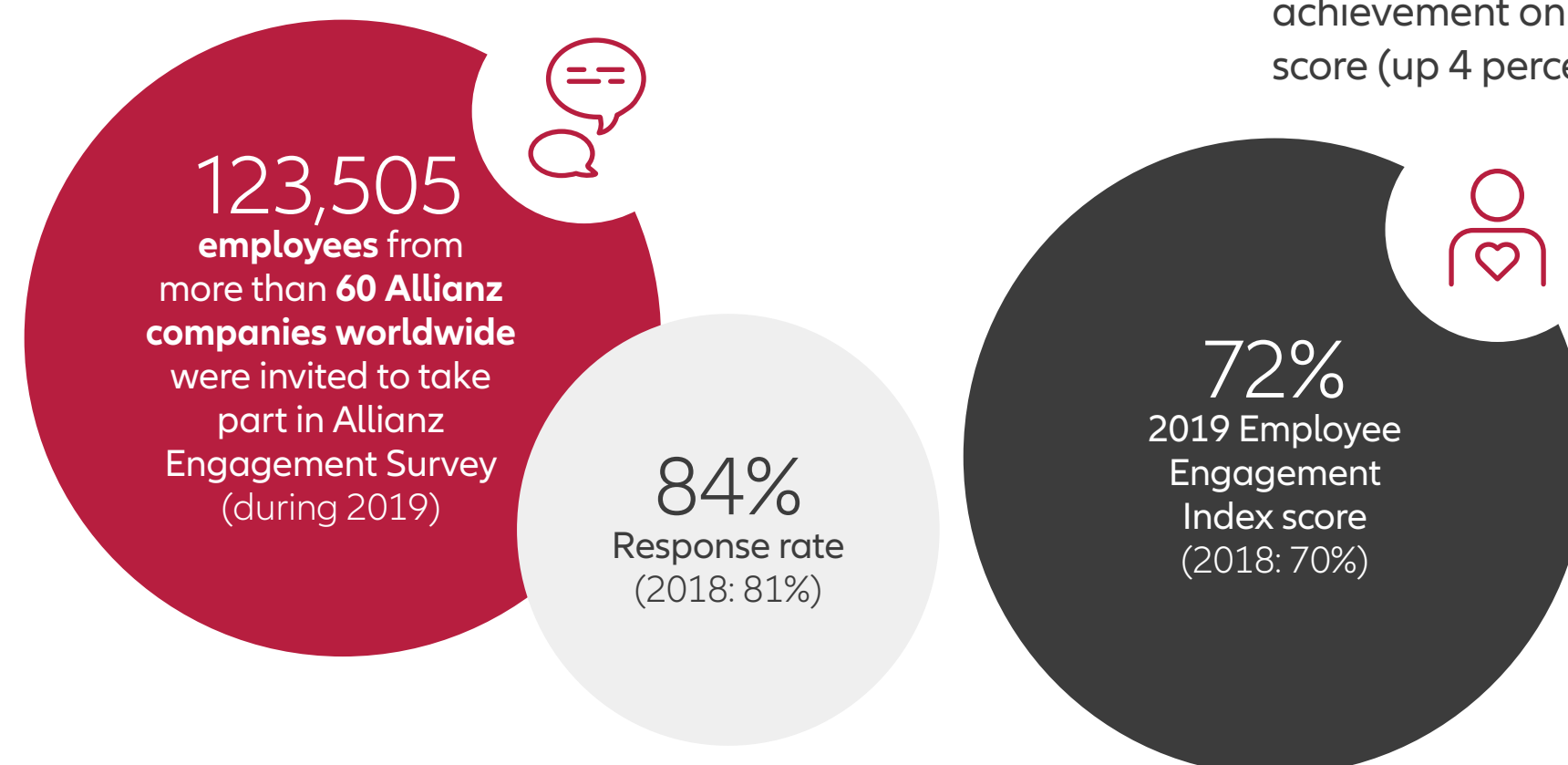
VOICE at Allianz SE is a platform that gives bottom-up impetus to empower employees to develop pragmatic, implementable solutions to areas for improvements identified through the Allianz Engagement Survey. In 2019 we ran the Voice initiative for the third consecutive year.

SOCIAL DIALOGUE 2.0

Allianz engages engage closely with employee representatives to support change implementation, manage impacts on employees, and promote opportunities. Social Dialogue is Allianz's pan-European forum which has existed for over a decade.

Relaunched as Social Dialogue 2.0 in 2018, it supports progress of the Renewal Agenda and the increased pace of change due to factors such as the digital revolution.

Topics that have been discussed were the Gender Equality Working Group LinkedIn Learning, Agile Working at Allianz, Workforce Planning and various best practices from other Allianz entities.



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04.1.4 HEALTH AND WELLBEING

Employee health and wellbeing directly impacts on business success. Allianz aims to provide a productive and health-promoting workplace and enables its employees to foster health and avoid work-related stress. This benefits the business through reduced absence and higher productivity, as well as improving the employee experience.

From within Group HR, the Head of Employee Health is developing and implementing a global employee health strategy. This governing function has been set up to on the one hand further develop our minimum standards and on the other hand to increase consistency on a global level, to mitigate health-related risks and to exchange best-practices and lift synergies. In parallel, the local Work Well and wellbeing managers¹ manage all activities to promote health and wellbeing at country level, in accordance to local requirements and regulations as well as the Allianz Operating Model that is implemented across the Group to ensure that the HR function of each operating entity applies the same high standard of local health and safety management.

In 2019, the efforts around employee wellbeing have been acknowledged multiple times on a global and local level, the highlights of which are listed below:

- The World's Most Attractive Employers (WMAE)/ Universum Awards 2019 in the insurance have ranked Allianz #1 Top in industry by business students;
- Allianz Life USA won the 2019 Wellness by Design platinum award;
- Allianz Indonesia won the Indonesia Most Admired Companies Award 2019: Dream Workplace for Millennials;
- Allianz Malaysia was the 2nd runner up for the most popular Graduate Employer of the Year 2019 in Insurance industry; and
- Allianz Philippine's #DareToBeFit employee campaign was awarded as one of the best employee engagement campaigns in 17th Philippine Quill awards.

TACKLING WORK-RELATED STRESS

Despite all success stories, Allianz is constantly working on further improving health and wellbeing for its employees, especially with regards to work-related stress, which has become one of the key health-related challenges facing today's workforce, especially those in service oriented, desk-based jobs.

Allianz has signed a pan-European agreement on guidelines concerning work-related stress. These apply to all Allianz companies in the E.U. member states, the contracting states of the European Economic Area and Switzerland.

In 2019, we have offers for flexible working in terms of location and hours, including part-time jobs at all levels, to help employees manage work-related stress and work-life balance. For instance, Allianz Italy has set up the concept of smart work, enabling employees to work up to 50% of their working time from home. This has not only reduced commuting time significantly, but also reduced absence rates and supported employee engagement and motivation.

Allianz SE's management and the (European) SE Works Council have signed a Joint Declaration on telework which guarantees an effective operation of telework and serves as good practice guidance for Allianz companies deploying telework.

WORK WELL

The Allianz Work Well Program systematically addresses the root causes of work-related stress, offering effective solutions and making changes to the work environment that enable employees to realize their full potential.

As part of the program, a number of minimum actions have been implemented to help tackle work-related stress. They cover the largest 50 OEs and include assistance hotline, e-learning and classroom seminars and including wellbeing in regular conversations between manager and employee.

Operating entities supplement these minimum actions with their own activities that meet the local needs to further combat

work-related stress. This includes joint sports classes, fitness apps, mental health support and mindfulness trainings, to name a few.

WORK WELL INDEX

Introduced in 2015, the Work Well index (WWi) is how Allianz tracks progress. It is a scientifically-validated tool that measures work-related psychosocial stress based on ten equally weighted metrics. These metrics cover dimensions of demands, rewards, control, support and social capital. A higher index score is associated with less work-related stress.

In 2019, a new dimension of "efficiency" was introduced in the Work Well Index and the index was renamed to Work Well Index+. Efficient processes, process improvements, and the resources needed to fulfill a specific job, are all fundamental in reducing stressed at work, and this dimension will continue to be measured within WWi+ from 2019.

The 2019 WWi+ score was 66 percent, up from 64 percent in 2018 (recalculated including the new efficiency dimension introduced through WWi+). This result matched Allianz's WWi+ ambition for 2021, indicating the success of Work Well initiatives.



¹ The work well and well-being managers are responsible for driving the topics work well and well-being in the individual OEs.

04.2 DATA PROTECTION AND PRIVACY



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Meeting customers' needs and protecting their information is crucial to Allianz being the most trusted partner in insurance and investments. Customers expect their personal information to be treated with the utmost care and we take this responsibility extremely seriously.

Digitalization comes with privacy risks. It is Allianz's responsibility to protect customer privacy and we are closely involved with all stakeholders, e.g. industry associations, members of parliament, and authorities, on the update and modernization of European privacy legislation.

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

Allianz is dedicated to enhancing the maturity of the privacy program across Allianz Group, as we commit to provide Digital by Default services. To accomplish this goal, we aim to ensure that robust privacy controls are embedded in a privacy-focused culture, which support well-designed processing activities.

STRENGTHENING OUR GLOBAL PRIVACY FRAMEWORK

The Allianz Privacy Standard (APS) defines rules and principles for collecting and processing personal data. It sets out six privacy principles that all employees must respect, wherever they are in the world: due care; purpose specification; reasonable limitation; transparency and openness towards our employees and customers on where personal data is stored/used; choice and consent; and privacy by design.

Allianz also publishes a Privacy Notice which clearly states what information it collects, and why. In 2018, the APS was accepted by our data protection authority as our Binding Corporate Rules (BCRs). These BCRs allow Allianz Group companies to lawfully transfer personal data from the European Economic Area to Allianz Group companies in other jurisdictions, where required for business purposes.

The Allianz Privacy Framework provides:

- a global standard for data privacy;
- a Privacy Impact Assessment and risk management process;
- integration with Information Security core functions; and
- training for employees on the appropriate processing of personal data belonging to customers, employees and third-party partners.

As the privacy program transitions from implementation to business as usual, compliance and audit activities will review privacy governance activities and processes across Allianz Group entities. These status assessments are used as basis to embed a more mature integration of privacy obligations in day-to-day business. Monitoring activities will include onsite visits, reviews of program documents, interviews and expert challenge calls.

PRIVACY RISK MANAGEMENT

Allianz considers the identification and management of privacy risks at the operational process level to ensure they are measured, monitored, and mitigated across Allianz core businesses. Privacy Impact Assessments (PIAs) of high exposure processes that use personal data enable the early identification of risks to ensure they are managed appropriately. In conjunction with training sessions, the PIA tool permits a more uniform approach to privacy risk assessment and mitigation across Allianz Group. Privacy risks are included in Allianz's Integrated Risk and Control System (IRCS), which helps us measure and monitor privacy.

SAFEGUARDING PERSONAL DATA

The security of the personal data we hold is equally important. A robust Information Security Framework applies strict security processes, standards and tools globally. It defines minimum requirements based on the ISO 27001 standard for information security management. This includes a requirement for vulnerability assessments along the software development value chain (including penetration tests and security audits), monitoring of systems via multi-level security systems, and effective IT Security Management and Business Continuity Management.

COMPLIANCE WITH INDUSTRY DEVELOPMENTS

We keep abreast of regulatory and industry developments and aim to reflect these in Allianz's operational and governance processes and procedures. During 2019, we continued efforts begun in 2016, as we worked with Allianz Group companies and other Group centers on the group-wide implementation of the APRP. As we approached full implementation of the APRP in the European Economic Area, we began the transition to a business-as-usual environment.

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ENGAGING WITH EMPLOYEES

We engage with employees to build understanding of privacy requirements. In 2018, we deployed globally an interactive data privacy training in 20 languages which is mandatory for all employees involved in processing personal data, where legally required. New employees are on-boarded to this training shortly after joining, and in addition, in 2020, we will deploy a refresher privacy training. Together, this should ensure that data privacy knowledge is maintained across the organization.

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

In 2019, over 85 Allianz professionals came together for the fourth Allianz Privacy Summit to discuss new data privacy laws, data ethics, information security, digital business efforts and emerging issues impacting data privacy.

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



04.3 REGULATORY AND PUBLIC AFFAIRS



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Allianz participates in regular, open exchange with political stakeholders to maximize its positive contribution to societal and industry-specific challenges. This includes holding events and dialogues with governments and representatives to explore societal issues and support policy development.

SUPPORTING POLICY DEVELOPMENT

Given the challenges facing society, it is vital that we work together across governments, institutions, sectors and companies to identify sustainable solutions. Allianz actively engages in political advocacy as part of the democratic process. We contribute expertise and knowledge and share insights to help tackle regulatory and societal challenges.

Allianz's outreach and political networking activities are undertaken in line with the Allianz Code of Conduct, which mandates minimum standards for contacts with representatives of politics, private sector and society. Allianz is a signatory of the European Union Transparency Register Code of Conduct¹.

OUTREACH AND POLITICAL NETWORKING

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

Allianz is committed to democracy and has made financial contributions for many years to political parties that support the social market economy. In 2019, Allianz Germany contributed 20,000 Euro to the Christian Democratic Union of Germany

(CDU), the Christian Social Union in Bavaria (CSU), the Social Democratic Party of Germany (SPD), the Green party and the Free Democratic Party in Germany (FDP) respectively. Every party's youth organizations received a grant of 10,000 Euro to support their focus on social issues of the future. Because we donate below the German Bundestag reporting threshold of 50,000 Euro, we publish a press release outlining Allianz's political donations.

ALLIANZ'S POSITIONS

One of the roles of GRPA is to develop and uphold Allianz's position on relevant regulatory and societal issues. In 2019, these included:

Digitalization and data security: Allianz supports the European Commission's digital strategy which includes efforts to update the European competition rules facing new digital competitors, finding a European approach to artificial intelligence and tackling challenges regarding data ethics. Allianz actively contributes to public discussions with a special focus on practicability of regulation.

Sustainable Finance: Allianz is convinced that the financial services industry has a duty to support the transition to a low-carbon, resource-efficient and sustainable economy by integrating sustainability considerations into business activities. Allianz actively engages in discussions and consultations around the establishment of an E.U. sustainability taxonomy as well as the integration of sustainability considerations into Solvency II and financial advice (Insurance Distribution Directive/Markets in Financial Instruments Directive II).

Solvency II: While Solvency II has been functioning well since its introduction in 2016, Allianz believes that the legislative review 2020 should be used to provide some modifications to better reflect the economics and true risks of the long-term insurance business model. This would remove unwarranted restraints on insurers' long-term old age provisioning solutions and better facilitate stable, long-term financing of the real economy. Allianz participates in corresponding consultations, impact analyzes and working groups.

Conduct: Allianz is involved in the debate around 'value for money' as well as in discussions on the upcoming reviews of the Insurance Distribution Directive and the Markets in Financial Instruments Directive II. Allianz also contributes to discussions on the initiative 'a new deal for consumers'.

Capital Markets Union (CMU): Allianz supports and actively contributes to public discussions and consultations on the CMU's objectives to create deeper, more integrated capital markets and foster long-term investments. As part of the CMU, Allianz welcomes the introduction of a Pan-European Pension Product (PEPP) and engages in the development process with relevant stakeholders.

Insurance Capital Standards (ICS): Allianz supports the development of a global capital standard and believes that further work is required to ensure that current approaches result in globally acceptable solutions. We actively participate in the corresponding development processes.

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04.4 CUSTOMER SATISFACTION

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As the insurance industry continues to evolve, so do the needs and expectations of its customers. Allianz's strong reputation is built on customers' trust in its integrity. This trust depends on the quality of its products, the way it informs and advises customers, and the personal conduct and capability of its sales employees and representatives.

CUSTOMER CENTRICITY

Allianz is transforming into a company that revolves around its customers. Customer centricity – one of the five pillars of the Renewal Agenda – involves practicing relentless execution for customers while outperforming the competition. This means understanding customers' emerging needs and adapting the business accordingly – radically simplifying and digitalizing products and processes, ensuring what we provide is relevant, and delivering superior value through excellent and caring customer service.

The Allianz Customer Excellence Program is focused better understanding customers' experiences by collecting qualitative, personal feedback. It uses a three-step model to understand and meet the needs of a diverse global customer base: measure, analyze, act. We collect direct customer feedback using proven and tested survey tools and methodologies and take action based on what we learn.

Customer feedback shapes Allianz's products, services and processes and enables it to offer easy and adaptable solutions. To gain a better understanding of customers' needs and how well we are meeting them, we ask for direct feedback regarding the experience of dealing with Allianz and whether they would recommend us. We seek feedback at different stages of the customer journey, for example at point of sale, submitting a claim, or canceling/renewing a contract.

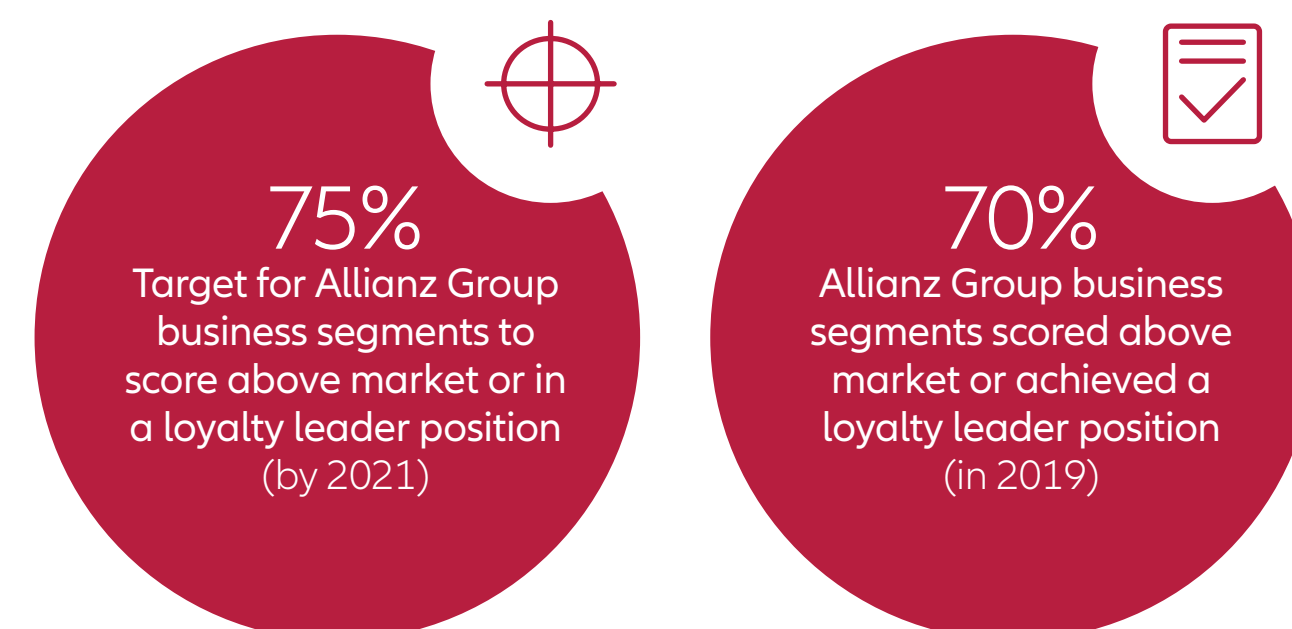
MEASURING CUSTOMER LOYALTY

Allianz uses the globally recognized Net Promoter Score (NPS) as the key metric for measuring customer loyalty through their willingness to recommend the company. Applied regularly and according to global cross-industry standards, NPS allows benchmarking against competitors and industry peers.

The target is for over 75% of Allianz Group business segments to score above market or in a loyalty leader position by 2021. In 2019, we achieved 70% against the target (2018: 74%). The decrease is due to four segments dropping their scores to achieve at market positions while two segments increased their scores to above market compared with the previous year.

CUSTOMER EXCELLENCE

Allianz's Customer Excellence Program aims to take it ahead of the industry by systematically measuring customer experience, identifying areas for improvement and enhancing the drivers of satisfaction along the entire customer journey (as opposed to discrete touch points). By the end of 2019, 34 operating entities and three global lines around the world had applied the Customer Excellence approach. About 210 customer journeys¹ worldwide have been optimized in the past five years. We are also building local capabilities and certified 29 Customer Excellence Masters and over 130 Customer Excellence Experts until 2019.



CUSTOMER EXCELLENCE: WINNING HEARTS WITH WOW-MOMENTS

In 2018 and 2019, we have started to embed a more continuous approach to monitoring and improving customer journeys by introducing the five-star rating program – a standard rating method allowing customers to state their satisfaction level on a five-point scale, and to do this on various touch-points along the claims journey. Whenever customers make a claim against us, after its settlement we ask them to rate their satisfaction on a five-star scale. If their rating is three stars or below we follow up to ensure we resolve whatever issue there may be, and prevent the same thing from happening with other customers. We aim at publishing all customer feedback online for full transparency, visible to our customers and prospective customers.

FIVE-STAR RATINGS AT ALLIANZ SUISSE

At Allianz Suisse we learned already from the huge amount of feedback that we received through this five-star rating program. First initiatives that were implemented are: very clear and improved Service Level Agreements in case of a claim as well as a major improvement on the communication towards our customers, e.g. automated status updates for the customer along the claims journey and revamped letters. Additionally, in the past customers had to identify themselves several times when they were passed to another person on the phone and as an improvement initiative, we implemented measures to make sure that this has to be done only once to keep the effort low for the customer. With more and more feedback that we receive through this continuous improvement program, we will further transform the experience of our customers.

¹ A customer journey is the complete sum of experiences that customers go through when interacting with us as a company, instead of looking at just a part of a transaction or experience.

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Allianz's success is built on the trust its customers, investors, employees and the public place in its performance and integrity. This trust depends on the personal conduct and capability of the management and employees of Allianz and their desire to jointly create value for all stakeholders.

COMPLIANCE MISSION:

The Compliance Function fosters a corporate culture of individual and collective responsibility for ethical conduct and adherence to the rules by:

- enabling the business to understand and live by the rules and oversee that adequate and effective processes are in place to ensure adherence to them;
- supporting the business in identifying, assessing and mitigating compliance risks;
- maintaining a confidential channel to report concerns, acting on them and protecting those who speak up in good faith; and
- interacting transparently and trustfully with regulators.

The Code of Conduct of Business Ethics and Compliance is at the core of that corporate culture. It outlines the basic principles, values and standards of behavior that provide guidance for everyday decisions and conduct for all employees.

ZERO TOLERANCE OF FRAUD AND CORRUPTION

Allianz takes a zero-tolerance approach to fraud and corruption. At a minimum, that means Allianz is committed to complying fully with local and international anti-corruption and anti-bribery laws. Beyond just compliance, the Allianz anti-corruption program sets standards for a consistent and comprehensive group-wide approach in every jurisdiction. Aimed at employees and certain third parties with whom Allianz does business, the program and policy prohibit the offer, acceptance, payment or authorization of any bribe, or any other form of corruption, be it with the private sector or with government officials. Anti-corruption training is compulsory for all employees, with online and classroom training delivered in multiple languages.

ANTI-MONEY LAUNDERING

In accordance with applicable legal requirements, Allianz companies establish risk-based policies and procedures for the prevention of the compliance risks, money laundering and terrorism financing, on the basis of customer identification, verification and monitoring, as well as suspicious activity reporting. Allianz employs various screening and monitoring systems and processes to manage risks and to ensure compliance with anti-money laundering requirements and economic sanctions restrictions.

RESPECTING ECONOMIC SANCTIONS AND EMBARGOES

Allianz has global policies and procedures in place for compliance with trade and financial sanctions. These policies and procedures include, among others, requirements for the screening of customer and counterparty names against the sanctions lists provided by the U.N., E.U. and the U.S. Office of Foreign Assets Control (OFAC). Allianz's global requirements also include an enhanced review requirement for high-risk transactions related to countries, sectors or parties subject to sanctions restrictions.

Some of Allianz's insurance coverage and other business can, due merely to the nature of the Allianz client's underlying business transaction, relate to countries, sectors or parties subject to sanctions restrictions. For example, where permitted, Allianz may issue insurance for humanitarian services its clients may provide in sanctioned countries. The Allianz sanctions compliance program aims to ensure that Allianz respects all applicable sanctions restrictions, and that these high-risk transactions undergo enhanced scrutiny, as mentioned above.

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COMPETITION

Allianz believes that fair competition and access to the market drives innovation, stimulates growth and benefits the consumer. As a global player and a leading provider in its sector, Allianz has a responsibility to ensure that it acts in compliance with competition law. To meet this responsibility, Allianz has adopted the global Allianz Antitrust Program, consisting of the Allianz Antitrust Standard – which have been updated in 2018. It lays out a core set of principles and measures to be adopted across the Group in order to ensure compliance with antitrust law as well as the Allianz Antitrust Code, which was also updated in 2018, and provides for a set of core behavioral rules that employees must observe when dealing with competitors, customers and business partners. Allianz regularly provides classroom and online trainings to top management and exposed employees to refresh and develop their understanding of antitrust rules and how they affect their daily business.

LEADERSHIP STRUCTURE

It is the clear understanding and believe of Allianz that good corporate governance cannot be limited to only fulfill general legal obligations. Rather, good corporate governance forms an integral part of Allianz's corporate culture and represents the basis on which to build trust. As a consequence, the Allianz Code of Conduct for Business Ethics and Compliance is fundamental to responsible corporate governance within Allianz.

Allianz SE operates a two-tier Board system: the Supervisory Board comprises twelve members, including six shareholder representatives appointed by the Annual General Meeting, and six employee representatives appointed by the SE works council. The Supervisory Board oversees and advises the Board of Management on managing the business. The current Chairman of the Supervisory Board of Allianz SE is Michael Diekmann, the former CEO of Allianz, who took this position only after observing the legally required two-year 'cooling off' period. The Supervisory Board set the "Objectives of Allianz SE's Supervisory Board regarding its composition" containing

requirements relating to individual members of the Supervisory Board, a skills profile for the entire Board as well as a diversity concept.

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

MANAGING COMPLIANCE

In 2019, the third cycle of the integrated compliance risk scoping and assessment activities were completed as part of the Allianz's Integrated Risk and Control System. The risk-based focus of compliance control reviews and testing is continuously strengthened, and the IT solutions are improved to optimize and harmonize all activities across the Group and to ensure data

quality. The compliance assurance approach includes baseline reviews to assess compliance of newly acquired entities, as well as risk-based targeted reviews of existing entities against compliance program requirements, and key control testing.

'SPEAKUP'

Every employee that joins Allianz receives a link to the compliance portal that includes a welcome presentation highlighting the obligation of each employee to adhere to the Allianz Code of Conduct. It also encourages employees to report breaches and misconduct.

Employees are offered multiple channels to raise (anonymously) any concerns to Compliance, via the SpeakUp! facility, Connect or, in some OEs, by way of a hotline. Compliance Officers can also be contacted in person.

The Investigation Guideline provides direction to ensure incoming reports are handled appropriately. Allianz also continuously promotes a speak up culture as part of internal events and campaigns.



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In times of international and globalized business landscapes, taxation of multinational companies has become more complex. This complexity gives rise to increased scrutiny of fair taxation and raised external expectations of tax transparency.

As a member of the B Team, Allianz SE, together with a group of companies has developed and committed to adhere to the so-called 'B Team Responsible Tax Principles', a common framework of core principles and practical commitments for companies to demonstrate responsibility and sustainability in their tax approach.

In 2019, Allianz's income was taxed with 2.8 billion Euro to governments around the world. You can find a breakdown of income taxes per region in ☺ Table TAX-1 in section 06.6. Allianz published its second Tax Transparency Report in 2018, outlining its approach to being a responsible tax payer. The third Tax Transparency Report¹ covering the reporting year 2019 will be published in May 2020.



Find our Tax Transparency Report 2019 in the Download Center on our website (available in early May 2020).



¹ The Allianz Tax Transparency Report 2019 contains disclosures related to GRI Standard 207.

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For Allianz, protecting the environment is part of its core business. Allianz strives to raise environmental standards and drive decarbonization through its insurance and investment businesses. Climate change strategy and environmental management support efforts to reduce its impacts as a carbon neutral company.

The Allianz environmental management system (EMS) provides clear standards and controls, supports environmental data collection and promotes transparent reporting of environmental impacts across the Group. It guides the monitoring and management of our carbon footprint and use of natural resources, such as water and energy, and reducing waste.

Operational implementation of the EMS is monitored by the Group Environmental Officer and supported by the Board of Management of Allianz SE. In 2019, 95 percent of employees were included under the scope of the EMS (2018: 94 percent) (see ☺ Table ENV-1).

Further information on our Group Environmental Guideline can be found [here](#).

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

CARBON REDUCTION STRATEGY

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

In May 2018, Allianz joined the Science-Based Targets initiative (SBTi). We have committed to set long-term climate targets for Allianz's proprietary investments and business operations in line with the Paris Agreement's climate goal.

In 2019, Allianz SE also signed up to the second iteration of the City of Munich's Klimapakt program, reaffirming its commitment to help the city meet its climate targets.

GHG EMISSIONS

Allianz's most material GHG emissions arise from its energy consumption, business travel and paper use. It has committed to reduce GHG emissions by 30 percent per employee by 2020, against a 2010 baseline. By the end of 2019, GHG emission had been reduced by 35 percent per employee (2018: 27 percent). These further reductions are mainly the result of energy efficiency improvements through data center consolidation, an increase in the share of renewable power, and reductions in air and private car travel.

In 2020, we will develop our next set of GHG emission targets up until 2025, in line with the latest climate science.

Full details of our CO₂ emission disclosure, including by Scope 1, 2, and 3 emissions, are provided in ☺ Table ENV-2.

REDUCING ENERGY CONSUMPTION

Allianz's target is to reduce energy consumption in its office buildings per employee by 30 percent by 2020, compared with 2010. We exceeded our 2020 target, with a 37 percent cut in 2019 (2018: 34 percent). This is mainly due to local data center closures in Germany and France.

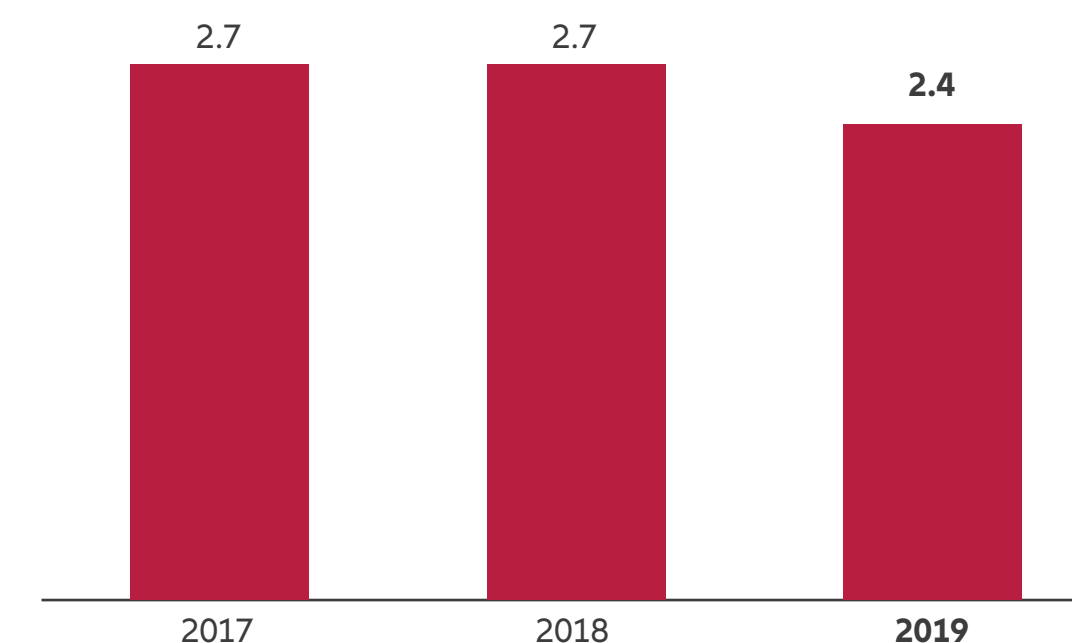
Details of Allianz's energy consumption can be found in ☺ Table ENV-3.

RENEWABLE ENERGY

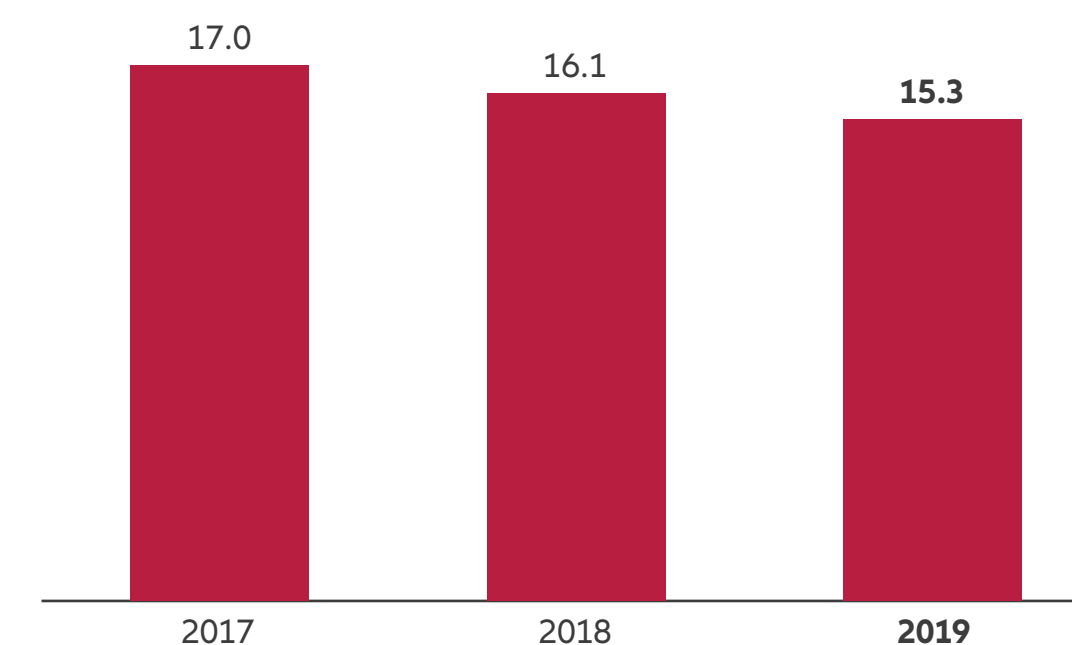
Allianz has committed to source 100 percent renewable power for its group-wide operations by 2023 as a signatory to the RE100 initiative. With operations in more than 70 countries, we have started to engage deeply with suppliers and landlords to achieve it.

In 2019, 49 percent of the electricity we used came from renewable, low-carbon sources (2018: 45 percent) (see ☺ Table ENV-3). Allianz U.S. Life in North America switched to renewable electricity from local wind farms and all data centers in U.S. and Europe are now powered by 100 percent renewable energy.

Change in CO₂ emissions
tons of CO₂ per employee



Change in energy consumption from office buildings
gigajoules per employee



HARNESSING WIND POWER IN TURKEY

Allianz Turkey has invested in two wind turbines to provide electricity for its headquarters in Istanbul, taking us one step closer to meeting Allianz's long-term goal for using 100 percent renewable energy sources. With the capacity to generate over 6,000 kilowatts annually, the expected payback period for the investment is five years.

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CUTTING GHG EMISSIONS FROM BUSINESS TRAVEL

Business travel in 2019 accounted for 37 percent of GHG emissions from operations (2018: 37 percent). Allianz encourages its employees to travel only for business-critical reasons and for client-related meetings exceeding three hours. In 2019, we launched a new travel booking tool for our Germany-based operating entities that shows the carbon footprint of business trips by air travel. Furthermore, we continue to improve the GHG performance of the vehicle fleet.

CARBON-NEUTRAL SINCE 2012

Allianz has been carbon-neutral since 2012 by investing in projects that offset its operational emissions. In 2019, we retired 334,033 carbon credits by investing in low-carbon initiatives, each credit accounting for one metric ton of carbon. The savings in emissions are independently measured and certified once a year.

Investments

Wildlife Works Carbon LLC

We hold a 10 percent share in WWC, the world's leading developer of Reducing Emissions from Deforestation and Forest Degradation (REDD) projects. This investment supports forest protection in Kenya and the Democratic Republic of Congo (DRC). The Kenyan Kasigau Corridor REDD project aims to offset 1 million tons of carbon emissions per year, while the DRC REDD+ project achieves an average of 5.7 million tons of carbon reductions per year.



Rimba Raya

We began investing in this REDD project in Borneo, Indonesia, in 2013. By helping to prevent the deforestation of nearly 65,000 hectares of peat swamp forest, the world's largest project of its kind aims to avoid more than 130 million tons of carbon emissions.

PAPER REDUCTION

Efforts to reduce paper consumption are underpinned by the increasing shift towards digital communication with customers and embedding paperless ways of working in Allianz offices.

Allianz's target is to reduce paper use by 40 percent per policy by 2020 against a 2014 baseline. By the end of 2019, we had achieved a reduction of 53 percent (2018: 41 percent), putting us well on track to achieve the 2020 target (also see ☺ Table ENV-9).

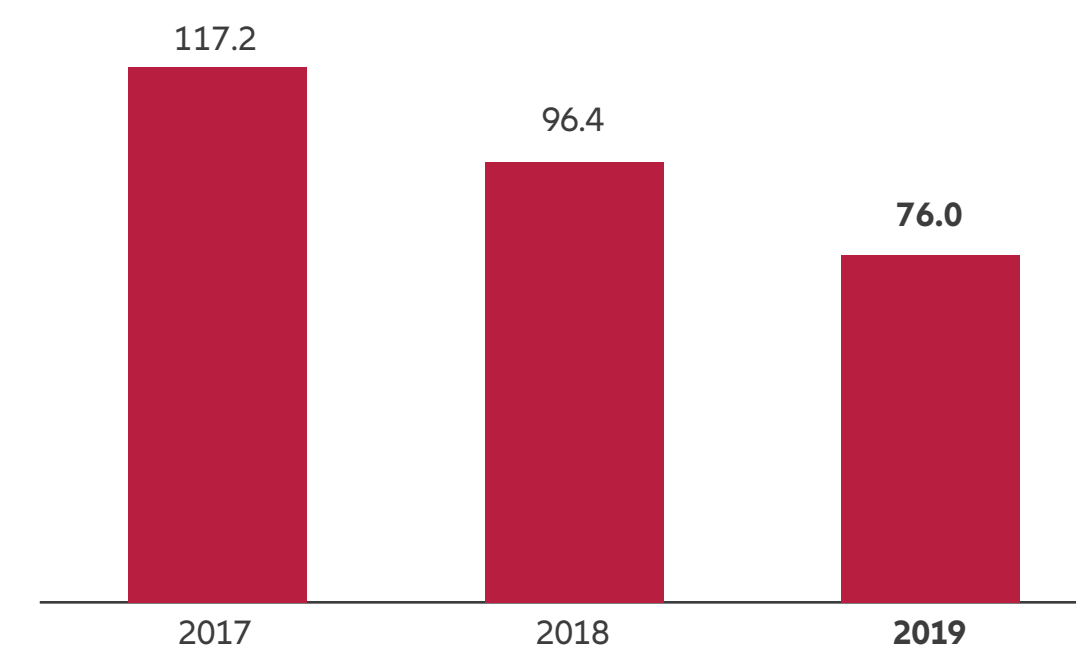
WATER

Minimizing water use is a principle commitment under the Group Environmental Guidelines and is of particular relevance in areas at risk of water-stress. Because Allianz's water consumption is not significant driver of our environmental impact, we do not have a specific water reduction target. However, we work to reduce water consumption in Allianz offices through employee awareness campaigns and by investing in waterless facilities and other water-efficient technologies (also see ☺ Table ENV-7).

WASTE

We seek to minimize the waste we generate and to re-use or recycle materials wherever possible (see ☺ Table ENV-8). Allianz employees also actively support local clean up activities. Once again, Allianz partnered with World Cleanup Day in 2019. Over 20 Allianz entities took part in the campaign, which encourages employees, customers and the general public to unite to clean up their local environment.

Change in paper consumption
grams per policy



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04.8 RESPONSIBLE PROCUREMENT



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The mission of Global Sourcing and Procurement (GSP) is to provide best value for money and a win-win situation for sustainability in the procurement areas of IT systems and services, insurance, marketing and communications support, facility services and logistics, building maintenance and projects, lease cars and business travel, and other professional services.

ALIGNING SUSTAINABLE VENDOR CODES OF CONDUCT PRIOR TO CONTRACTING

Allianz requires all suppliers above a certain spend threshold to meet the standards set out in the Allianz Vendor Code of Conduct and procurement policies¹. Standards are aligned with International Labor Organization (ILO) standards including avoidance of modern slavery, human rights, non-discrimination, environmental protection and sustainability in the supply chain, and the U.N. Global Compact (UNGC). Questions related to environmental management are a prerequisite to sourcing and contracting in the procurement system registration process.

Low-value and one-off contract suppliers are currently out of scope. As not all suppliers accept the Allianz Vendor Code of Conduct, we apply alternative approaches to managing risk such as allowing them to reference industry codes of conduct like the Electronic Industry Citizenship Coalition (EICC) or Bundesverband Materialwirtschaft, Einkauf und Logistik (BME).

In 2019, 97 percent of global suppliers, representing a total spend of 1.8 billion Euro, committed to the Allianz Vendor Code of Conduct. Global Sourcing and Procurement and the Group ESG Office continued their collaboration regarding the improvement of processes to conduct ESG assessments for potentially critical vendors.

INFLUENCE DEMAND DECISIONS EARLY IN THE AWARDING AND ORDERING PHASE

GSP challenges whether a particular demand can be avoided, reduced or substituted with a more sustainable solution as

sustainability concerns are increasingly important to business functions. Due to this trend we will likely see the rise of carbon footprint information become an additional awarding criteria to identify sustainable options.

GSP also configured some ordering systems to present the most sustainable solutions first. For example, recycled printer paper is promoted over non-recycled printer paper, and selecting train tickets instead of airplane tickets is encouraged through a travel tool, which shows the carbon footprint of each trip to encourage sustainable behaviors. Car fleet policies across the Group are also being revised to reduce the use of combustion engines and fossil fuels.

The challenges include the potential higher costs of sustainable solutions, which cannot always be managed through procurement negotiations, meaning the most sustainable provider is not always ensured. Globalization of the Group's operating model also means there is increased demand for international travel and a wider delivery network. This cannot be completely balanced through use of

collaboration technology such as video conferencing, web conferencing or telephone conferences.

PROMOTING SUSTAINABLE SOLUTIONS

Allianz supports solutions that improve the sustainability of its operations and core processes, such as digital signatures and paperless customer claims in frame contracts or admission as Group IT standards. Substituting existing solutions with more sustainable solutions can take time and we apply a step-wise approach to integrate more sustainable solutions.

FOSTERING USING 100% RENEWABLE ENERGY AND REDUCING ENERGY CONSUMPTION

Allianz's strategic data centers now use certified renewable electricity. We consolidate facility space where opportunities exist and substitute LEDs for traditional light bulbs, reducing energy consumption. Energy consumption from suppliers' cloud services is so far not in scope. The way forward here is to conduct periodic controls with major cloud service providers like Amazon Web Services and Microsoft Azure in the future.



¹ Includes suppliers with a spend volume greater than €250,000.

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04.9 CORPORATE CITIZENSHIP



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According to the World Economic Forum's Annual Global Risk Report, social instability and increasing polarization of societies pose a growing global risk. Many people remain excluded from the economic, social and political opportunities that enable them to participate fully in society.

At Allianz, we believe social inclusion – particularly among children and youth – must be encouraged to tackle challenges arising from social instability and increasing polarization of societies. Allianz contributes to social inclusion through its Corporate Citizenship programs. Furthermore, through its 13 foundations around the world, Allianz contributes to a wide range of philanthropic activities. Operating entities are encouraged to measure the outcomes of Corporate Citizenship activities on society and the business by using an input-output-outcome-impact framework.

In 2019, Allianz Group corporate citizenship activities reached over 660,000 beneficiaries¹ worldwide, including some 290,000 children and youths¹.

Launched in 2016, Allianz's Encouraging Future Generations Program aims to address social inequality impacting children and young people. In 2018, Allianz committed to increase its reach to children and youths by 20 percent by 2020 (baseline 2018) through Corporate Citizenship Programs.

ENCOURAGING FUTURE GENERATIONS PROGRAM OBJECTIVES

- Using Allianz's expertise to contribute positively to social inclusion in humanitarian, intercultural and economic areas.
- Caring about one of the most vulnerable groups – children and young people – so that they can grow with confidence.
- Increasing the number of children and youth in education, training and employability by 2020.
- Enabling strategic partnerships and engagement using innovative formats.
- Promoting Allianz as a trustworthy company by creating visibility for projects and social responsibility.

¹ Numbers compiled are based on estimations from Allianz operating entities.

The program focuses on three key areas:



FUTURE GENERATIONS AWARD

Launched in November 2017, the Investment Ready Program 'Encouraging Future Generations', developed by Allianz and Impact Hub, is a powerful acceleration program designed to enable purpose-driven entrepreneurs to foster social inclusion among children and youth.

The program supports successful applicants to make their business investment-ready. In addition, it links them with Allianz mentors and experts. The support it provides is valued at around 20,000 Euro for each social venture. The winning finalist of the program had the chance to receive a 40,000 Euro grant to scale up their business.. Key outcomes for participants include improving their business models and strategy and receiving support to create a sustainable growth and investment plan.

In 2019, the second cycle of the program invited eight new social ventures from Germany, Greece, Spain and Indonesia.

[Read more about the successful projects online.](#)

ALLIANZ SOCIAL INNOVATION FUND

The Allianz Social Innovation Fund was launched in 2017 to enable innovation in local corporate citizenship partnerships. Funding is available for Allianz entities to support impact-oriented social programs involving external social partners that contribute to child and youth development.

Since its launch, the Social Innovation Fund has provided 0.5 million Euro to projects in over 20 countries.

[Find out more about the projects we support around the world.](#)

THE ALLIANZ SOS CHILDREN'S VILLAGES PARTNERSHIP

Allianz launched its long-term partnership with SOS Children's Villages International (SOS CVI) in 2015. The purpose of the partnership is to reduce the impacts of natural and human-made disasters and increase the resilience of children and young people by focusing on two key areas: emergency preparedness and response and youth employability.

The partnership actively addresses societal challenges and harnesses opportunities to create resilient future generations through exchange and dialogues, knowledge sharing, corporate volunteering and fundraising.

In 2019, we further increased our joint reach to children and youth through eight additional partnerships, six in new countries: Burkina Faso, Hungary, Brazil, Sri Lanka, Ivory Coast and Morocco.

These include 4 YouthCan! partnerships, which aim to further strengthen our contribution to youth development and employability.

[Read more about the Allianz SOS Children's Villages partnership on our website.](#)

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THE ALLIANZ WORLD RUN

In 2019, the fourth Allianz World Run took place. It is an annual employee engagement and fundraising event with SOS Children's Villages as the charity partner. An impressive 12,313 runners from 98 countries clocked up more than 1.6 million km, the equivalent of running 40.97 times around the globe, making it the most successful run to date.

The money raised helped to support vulnerable children in some of the most neglected countries in the world facing disasters. Specially, five SOS Emergency Response projects were supported in 'forgotten crises' areas in Chad, Burkina Faso, Nigeria, Bangladesh, and the Ukraine. These projects provide child protection and trauma healing measures, nutritional and health care support, education materials and classroom equipment for vulnerable children and families.

[Find out more about the Allianz World Run.](#)

"The Allianz World Run 2019 proved once again how powerful our community is when we all move into the same direction. During the last three months, we made a difference not only in our own lives but also in the lives of others, contributing to securing the future of children in SOS Children's Villages, the explorers of tomorrow."



Oliver Bäte
CEO
Allianz SE

EMERGENCY PREPAREDNESS IN ACTION

Through the support of Allianz, SOS Children's Villages International has been able to develop and start the roll-out of its global Emergency Preparedness Program, which turns SOS Children's Villages into safe ports of call for locals in the event of a catastrophe.

This work paid off when deadly Cyclone Idai hit Mozambique in March 2019. As the cyclone approached the coastal city of Beira, children and staff at SOS Children's Village Beira gathered at designated safe areas, equipped with water, torches and other emergency supplies. The children at the village were safe and the homes suffered relatively little damage. In contrast, the storm devastated the city of more than 500,000 people. Sadly, many of the village workers lost family members and homes in the cyclone. Allianz SE donated relief funds to support psychological and health care support, food, water, and sanitation facilities after the cyclone.

"With Idai, we were all forced to put into practice what we learned. It was amazing to see the children taking the initiative. After the storm, they also helped to clean up the Village."



Baptista Boa
Director of the SOS Children's Village
Beira



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05 ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

In our corporate reporting on climate change, we are applying the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD's four-pillar framework provides guidance on how companies can disclose and address risks and opportunities from a changing climate. To drive best practice, we strive to continuously enhance our reporting and business practices.

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

05.1 HIGHLIGHTS

In recent years, Allianz has laid strong foundations for the development of its climate change strategy. This includes committing to the Science Based Target initiative (SBTi), further strengthening our approach to exiting coal-based business models, implementing the TCFD recommendations and enhancing our systematic approach to investee engagement.

- (1) 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 on our corporate response. Consequently, we increased our ambition from “well below 2°C” and are now committed to pursuing efforts to limit global warming to a maximum of 1.5°C by the end of the century, postulated as the high ambition level of the Paris Agreement. In 2019, we updated our carbon reduction target to align with 1.5°C-compatible pathways and adjusted our coal phase-out plan accordingly.
- (2) At the Climate Action Summit in New York in September 2019, the United Nations (U.N.) launched the Net-Zero Asset Owner Alliance (AOA). The AOA consists of the world’s largest pension funds and insurers. Members commit to reduce greenhouse gas (GHG) emissions of their investment portfolios to net-zero by 2050, taking responsibility of their share in limiting global warming to 1.5°C compared to pre-industrial times. Allianz helped to set up the group, collaborating with the Finance Initiative of United Nations Environment (UNEP FI), the Principles for Responsible Investment (PRI), WWF and the Mission 2020 campaign. In addition, Allianz chairs the AOA and leads several working groups within.

- (3) In the run up to our portfolio decarbonization targets as part of the AOA, we are starting to report on climate-related indicators for our proprietary listed equity portfolio, including carbon footprint indicators.
- (4) The Board of Management remuneration is tied to the attainment of sustainability- and climate-related targets, including the successful delivery of our climate change strategy and oversight of implementation of our different climate-related commitments, including the AOA. A particular focus lies on the quantitative reductions targets for GHG emissions.

For 2020, we aim to set public long-term and intermediary climate targets for our proprietary investments and business operations in line with the Paris Agreement’s goal to limit global warming to 1.5°C. Furthermore, we will continue to scale up our engagement of corporates and policy-makers on climate strategies in line with our ambition.

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ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

05.2 GOVERNANCE

05.2.1 OVERARCHING AND BOARD-LEVEL GOVERNANCE

Allianz SE has a divisional Board structure based on functional and business responsibilities. Business-related divisions reflect our segments Property-Casualty, Life/Health, Asset Management, and Corporate and Other. In 2019, they were overseen by five Board members. The following divisions focus on Group functions, along with business-related responsibilities: Chairman of the Board of Management; Finance, Controlling and Risk; Investment Management; Operations and Allianz Services; Human Resources, Legal, Compliance, and M&A; Business Transformation. For further information on Board of

Management (BoM) members and their responsibilities, please refer to the Allianz Group Annual Report 2019, page 56.

The highest governing body for sustainability-related issues is the Group ESG Board. Meeting quarterly, it is comprised of three Allianz SE BoM members as voting members, one BoM member as standing guest voting on operations topics, and key departments being represented. On a case-by-case basis, further participants from Group Functions and operating entities participate. The ESG Board is responsible for sustainability and climate-related topics and oversees the Allianz Group Climate Change Strategy. It steers the whole corporate responsibility agenda, including for example positioning on Sustainable Finance as well as approving and steering external climate

and ESG-related commitments and initiatives. Furthermore, it is responsible to ensure alignment of the ESG agenda with Allianz's business operations, especially by validating with Group functions such as Group Risk and Group Compliance. It also oversees the integration of climate and ESG aspects into all core lines of business and central Group processes.

The ESG Board is constituted as an advisor to the BoM of Allianz SE, informing and involving the BoM on relevant topics and activities at least twice a year. Additionally, it reviews and recommends decisions to be taken by the BoM and relevant Board committees. Group Functions and operating entities directly update the ESG Board on material sustainability issues through their representation on the ESG Board or by invitation.

Within the Group and beyond the ESG Board, diverse functions and committees steer sustainability topics within their scope of influence, on business and management-level, supported by specific ESG Task Forces (see 05.2.2).

The Group Finance and Risk Committee (GFRC) consists of members of the BoM and oversees risk management and monitoring, including sustainability and climate risks. It also serves as an escalation point based on analysis and deliberations within the ESG Board. Risks identified as emerging and/or significant are addressed either in the GFRC or the Group Underwriting Committee (GUC). The GUC consists of Members of the BoM, the Group Chief Risk Officer, Chief Underwriting Officers, and other executives of the Group. It monitors the underwriting business as well as its risk management and strategy and develops an underwriting policy.

The BoM reports regularly and comprehensively to the Supervisory Board on business development, the company's financial position and earnings, planning and achievement of objectives, business strategy, and risk exposure. Climate-related issues are part of these regular updates where relevant.

Climate & ESG Governance at Allianz



1 GCORE
2 AIM
3 OEs
4 Allianz Global Corporate & Speciality
5 Responsible for i) Investment Management, ESG (Chair); ii) Asset Management, US Life Insurance; iii) Finance, Controlling, Risk (see also section 02.8)

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05.2.2 BUSINESS AND MANAGEMENT-LEVEL GOVERNANCE

Group functions

The Allianz Group Corporate Responsibility department, and particularly the Group ESG Office, including a team dedicated to Climate Integration, is responsible for orchestrating the integration of ESG and climate aspects into core investment and insurance activities. It also acts as the secretariat of the ESG Board and meets regularly with its chair. Further functions are reporting on non-financial matters and support operating entities in integrating the Group's strategic approach and policies.

To develop projects and proposals for ESG and climate integration into all our lines of business, Allianz set up cross-functional ESG Task Forces in late 2019; see also section 02.8. These consist of ESG specialists and representatives of relevant local operating entities, global lines, and Group functions. Each is sponsored by either a member of the BoM or a senior executive. Bi-monthly ESG Sponsor Meetings ensure alignment between the different task forces.

Additional bodies and functions within the Group monitor and analyze market, technological as well as regulatory trends and developments and share insights with relevant stakeholders.

Further information can be found in the Allianz Group Annual Report 2019.

Insurance and investment functions

Key insurance operating entities, our internal asset managers Allianz Global Investors and PIMCO, and the investment management function Allianz Investment Management (AIM) have well-established dedicated climate and ESG functions and practices, which eventually also report to BoM level.

1 Based on economic view. Compared to accounting view it reflects a volume increase due to switch from book-to-market values and changed asset scope (e.g. including FVO, trading and real estate own-use).

2 Task force established in early 2020.



At AIM, the Investment Management Board (IMB) oversees the implementation of the climate and ESG strategy for Allianz's proprietary investment portfolio of 795 billion Euro¹. This includes regular discussions and decisions around operationalizing the portfolio decarbonization and science-based target setting, analyzes on asset stranding in climate scenarios, as well as dedicated engagement on climate aspects. Within AIM, climate and ESG is steered at IMB level with a Managing Director in charge of the implementation.

The implementation of science-based emission reduction targets for our proprietary investments and operations is run by a task force expanding across all relevant investment and operational

departments and entities. It comprises more than 50 employees, including executive functions and reporting to the BoM members responsible for investments and operations as well as to the ESG Board.

Moreover, several units also have dedicated competence centers on promoting low-carbon technologies from an insurance and investment perspective: Allianz Capital Partners, Allianz Global Investors, Allianz Global Corporate & Specialty, Allianz Climate Solutions, and others.

For more details on our corporate responsibility governance see section 02.8 in our Sustainability Report 2019 and the Allianz ESG Integration Framework.

05.2.3 REMUNERATION AND CLIMATE COMPETENCE

The BoM's remuneration is tied to the attainment of sustainability- and climate-related targets, including the successful delivery of our climate change strategy and oversight of implementation of our different climate-related commitments. A particular focus lies on the quantitative reduction targets for GHG emissions. Our long-term climate ambition and targets are decided at ESG Board level and cascaded to all relevant functions tasked with delivering on these targets.

For more details on our Remuneration Report see here.

Allianz is also applying a variety of instruments to foster ESG and climate competency at Board, senior executive, and employee level aside of the governance described above:

- An annual Sustainability Forum conference, broadcasted globally and with Board member presentations
- Briefings for top management
- Biannual ESG Roundtable of investment functions
- Trainings for underwriters and investment-related functions like sales agents
- Trainings for employees.

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05.3.1 OUR STRATEGIC RESPONSE TO CLIMATE CHANGE

The Allianz Group Climate Change Strategy has been first published in 2005 – since then it steers the uptake of climate-related risks and opportunities in our insurance and investment business. It has been regularly updated and is overseen by the ESG Board.

The Strategy focuses on three areas:

1. We anticipate the risks of a changing climate by:

- systematically considering climate criteria in insurance and investment business,
- no longer financing coal-based business models and no longer providing insurance for construction and/or operation of single coal-fired power plants and coal mines,
- fully phasing out coal-based business models across proprietary investment and P&C insurance portfolios by 2040, at the latest,
- engaging with policymakers to drive sustainable finance and achieve the Paris Agreement's goals, and
- ensuring active dialogue with investee companies on climate strategies.

2. We care for the climate-vulnerable by:

- supporting our customers to reduce risks and minimize damage and compensating those who have suffered losses,
- working with peers, governments and the civil society to manage climate risks and 'close the protection gap', and
- supporting scientific research and innovation that improves society's understanding of climate-related risks.

3. We enable the low-carbon transition by:

- pioneering insurance of low-carbon technologies and, for instance, insuring renewables in more than 60 countries,
- strategically investing in low-carbon assets, including renewable energy, green buildings, and green bonds,
- setting long-term climate goals for our proprietary investments and business operations, in line with '1.5°C-aligned net-zero emission by 2050' pathways, and
- joining forces with other asset owners through the U.N.-convened Net-Zero Asset Owner Alliance (AOA) to collaboratively support companies in their low-carbon transition.

05.3.2 CLIMATE-RELATED RISKS AND OPPORTUNITIES

We believe that climate change will materially affect economies and therefore our lines of business. Arising risks and opportunities can be seen already today and will increase over mid- and long-term. These can for instance be acute and chronic physical impacts on property or human health such as warming temperatures, extreme weather events, rising sea levels, intensifying heatwaves and droughts or a change in vector-borne diseases. Risks and opportunities also result from the cross-sectoral structural change stemming from the transition towards a low-carbon economy. These include changes in climate policy, technology, or market sentiment, and impact thereof on the market value of financial assets, as well as impact resulting from climate change litigation.

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

05.3 STRATEGY

Impact on our business and impact of our business

Allianz Group is exposed to a variety of risks. The largest general risks in terms of their contribution to Allianz's risk profile are market risks, especially equity risk, credit and credit spread risks driven by assets backing long-term liabilities. Furthermore, Property-Casualty premium and reserve risks resulting from natural and man-made catastrophes as well as from claims uncertainty need to be considered. Climate change, as a multi-faceted phenomenon, is influencing these risks in varied ways.

Vice versa, choices made about how Allianz conducts its business can impact on the climate and global warming, e.g. by investing in or insuring low-carbon and emission-reducing activities.

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

In early 2019, the Chief Risk Officer Forum has published a report on the implications of climate change on the insurance industry. From Allianz, several authors contributed to the report 'The Heat Is On', which can be accessed [here](#).

Exemplary Illustration of Climate Risks Translation for Investors

CLIMATE-RELATED CHANGES				OPERATING ASSET IMPACTS				INVESTOR IMPACT
RISK CATEGORY		IMPACT ON	MITIGATING LAYER ON COMPANY/ PHYSICAL ASSET LEVEL	FIRST ORDER	SECOND ORDER			
PHYSICAL	ACUTE	FIRST-ORDER HAZARD/ RISK Like extreme weather, heat stress, etc.	SECOND-ORDER RISK Like soil moisture deficit, coastal erosion etc.	<ul style="list-style-type: none"> • Operations • Value chain • Markets 	ADAPTIVE CAPACITY OF COMPANIES (diversified value chain, substitutes, sufficient stock, insurance, capex, efficiencies, etc.)	IMPACT ON CORPORATE PERFORMANCE	IMPACT ON FINANCIAL ASSET PERFORMANCE	<ul style="list-style-type: none"> • Direct in case of real-asset investments • Indirect in case of listed equity, corporate bonds, government bonds, funds, etc. • Indirect in case of macro-economic/ sectoral implications
	CHRONIC	FIRST-ORDER HAZARD/ RISK Like changing temperature patterns or rising sea levels, etc.						
TRANSITION	Policy and Legal			<ul style="list-style-type: none"> • Operations • Value chain • Markets 	ADAPTIVE CAPACITY OF COMPANIES (diversified value chain, substitutes, sufficient stock, insurance, capex, efficiencies, etc.)	IMPACT ON CORPORATE PERFORMANCE	IMPACT ON FINANCIAL ASSET PERFORMANCE	<ul style="list-style-type: none"> • Direct in case of real-asset investments • Indirect in case of listed equity, corporate bonds, government bonds, funds, etc. • Indirect in case of macro-economic/ sectoral implications
	Technology							
	Market							
	Reputation							
LITIGATION	Litigation for (enabling) GHG/emissions/ failure to mitigate			<ul style="list-style-type: none"> • Operations • Value chain • Markets 	ADAPTIVE CAPACITY OF COMPANIES (diversified value chain, substitutes, sufficient stock, insurance, capex, efficiencies, etc.)	IMPACT ON CORPORATE PERFORMANCE	IMPACT ON FINANCIAL ASSET PERFORMANCE	<ul style="list-style-type: none"> • Direct in case of real-asset investments • Indirect in case of listed equity, corporate bonds, government bonds, funds, etc. • Indirect in case of macro-economic/ sectoral implications
	Litigation for insufficient disclosure, adaptation, etc.							

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05.3 STRATEGY

Financial impact of climate change

Building on our previous internal finding that our proprietary investment portfolio and especially the listed equity asset class is most sensitive to climate transition scenarios, Allianz further analyzed this risk exposure. Allianz Research calculated the macroeconomic negative impact of increasing regulatory intensity on the global industry at nearly 2.5 trillion USD over the next ten years, while identifying opportunities for a variety of sectors. The analysis focused on the most important measures of climate policy currently enacted or under discussion.

These measures can be grouped into the following categories: Carbon pricing, energy mix and efficiency mandates, mobility

regulations, industry-specific taxes, fines and levies. Cost and business ramifications are however considered in a contained manner. They depend on emissions' costs, regulation and policy dynamics. The ultimate risk is a complete loss of value of certain assets or entire businesses.

According to report findings, the energy sector will be hit the hardest with an estimated cost of 900 billion USD. The steel sector follows with a cost of 300 billion USD. Air and marine transport faces costs of 55 billion USD. Other sectors at risk include automotive, chemicals, pulp and paper, retail and machinery/manufacturing.

The report also presents a heat map, showing transition risk severity for the next twenty years, as well as drivers and mitigating factors for the different sub-sectors. An extract of the results is shown below.

[The full report with all results can be accessed here.](#)

The findings of this macroeconomic analysis have also been used for internal analysis, for example on the proprietary investment portfolio.

In 2020, we will continue to expand our analyzes and assessments on physical, transition and litigation risks and opportunities for our business.

Asset and Business Value Impact under Transition Scenarios (Source: Allianz 2019, excerpt)

GLOBAL		2°C					1.5°C				
		2020	2025	2030	2035	2040	2020	2025	2030	2035	2040
ENERGY	Integrated Oil and Gas	(M)	(M)				(M)				T
ENERGY	Oil and Gas Storage and Transportation										
ENERGY	Coal and Consumable Fuels				T, P	T, P				T, P	T, P
MATERIALS	Fertilizers and Agricultural Chemicals	(T)	(T)	(T)	(T)	(T)	(T)	(T)	(T)	P	
MATERIALS	Aluminium										
MATERIALS	Steel										
INDUSTRIALS	Industrial Conglomerates										
INDUSTRIALS	Airlines	(T)	P				(T)	P			
CONSUMER DISCRETIONARY	Auto Components										
CONSUMER DISCRETIONARY	Automobiles			P	P, T	T		P	P	P, T	P, T
UTILITIES	Electric Utilities	P	(M)		P	P	P	(M)		P	P
UTILITIES	Renewable Electricity				T	T				T	T

Risk enhancer:

- P = policy
- T = substitution technology
- M = related market forces

Risk mitigator:

- (P) = policy
- (T) = little substitution technology
- (M) = countering market forces

Risk:

Low
Medium
High
Very high

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05.3.3 OUR RESPONSE

The management of risks and opportunities resulting from climate change is part of our overall business strategy. Measures we take include: developing and adjusting financial products and services; improving decision-making, policies and processes; the setting of targets and limits; managing our operational climate footprint; as well as engaging with internal and external stakeholders.

Our Response – Long-term ambition and the Asset Owner Alliance

As a major outcome of incorporating the assessment of climate-related risks and opportunities into our business strategy, we committed to set ourselves long-term emissions reduction targets for our proprietary investment portfolio and for our business operations. To this end, we joined the Science Based Targets initiative (SBTi) in May 2018.

After the release of the landmark Special Report on Global Warming of 1.5°C by the Intergovernmental Panel on Climate Change (IPCC) in October 2018, we thoroughly reviewed the implications on our corporate response. Consequently, we increased our ambition from “well below 2°C” and are now committed to pursue efforts to limit global warming to a maximum of 1.5°C by the end of the century, postulated as the upper ambition level of the Paris Agreement as well as the European Union’s long-term climate strategy. As a result, we updated our target ambition to 1.5°C-compatible pathways for carbon reductions and adjusted the coal phase-out accordingly.

In 2019, Allianz helped to set up the UN-convened Net-Zero Asset Owner Alliance (AOA), together with the Finance Initiative of United Nations Environment (UNEP FI), the Principles for Responsible Investment (PRI), WWF and the Mission 2020 campaign. In addition, Allianz chairs the AOA and leads several working groups within. At the end of 2019, it consisted of 16 asset owners with almost 4 trillion USD Assets under Management.

Members of the AOA commit to reduce GHG emissions of their proprietary investment portfolios to net-zero by 2050. Asset owners within the AOA are already engaging portfolio companies and are committed to setting intermediary targets for the years 2025, 2030 and beyond to ensure their portfolios decarbonize in a timely manner. The AOA will report publicly and to the UN Secretary General on progress against these targets.

The AOA intends to use state-of-the-art tools and aligns with other initiatives to emphasize:

- Investor ambition and target-setting at portfolio-level
- Contribution to methodologies which can be applied across the sector
- Impact on the real economy and emissions – to the extent to which methodologies can be developed
- Implementation via a holistic ESG approach for measuring and managing associated impacts
- Joint engagement and monitoring based on authoritative and credible scientific input, to ensure consistency of messaging and necessary ambition

Over the next three years, asset owners have committed to carry out and disclose portfolio baseline assessments and develop climate strategies and action plans, including trajectories. Members are already collaborating to define best practice to reduce GHG emissions by engaging with portfolio companies and governments on public policies. The first quantitative joint AOA report will be published by December 2023, with individual member announcements of portfolio targets for 2025 being planned for 2020.

Our Response – Managing transition risks

We conduct detailed analysis in particularly energy-intensive sectors on emission profiles, possible proto-decarbonization pathways, and necessary technology shifts. The results are used for portfolio carbon analysis, the definition of decarbonization pathways, our corporate engagement process as well as management decisions.

In 2019, we ran pilot portfolios on climate-related target-setting and steering which allowed us to identify data gaps, derive monitoring and steering approaches and metrics as well as potential investment management actions. Building on these insights, we are developing ways to monitor and steer the portfolio transition as part of the AOA. Furthermore, Allianz Investment Management is now working to close data gaps by sourcing own data.

As an early step, Allianz has not financed coal-based business models since 2015. Equity stakes have been divested, fixed income investments made before that are in run-off, and no new investments have been allowed since then. Moreover, Allianz does not offer insurance for coal power plants or mines and requires all companies from both our Property & Casualty (P&C) insurance as well as proprietary investment portfolio to fully phase out coal by 2040 at the latest. If companies do not present a credible strategy to transition away from coal at a pace which is compatible with the scientific pathways of limiting global warming to 1.5°C, we are excluding them from our business. To this end, we developed a specific methodology with a third-party provider to create a dataset applicable to both insurance and investment business.

Our criteria are being further tightened over time and explained in more detail in our public Statement on Coal-based business models.

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Our Response – Seizing opportunities

Our business strategy includes systematically leveraging opportunities for financing a low-carbon and climate-resilient future, e.g. by investing in renewable energy, energy efficiency in real estate, and electric vehicle infrastructure, by providing insurance solutions to protect against physical climate impacts and to support low-carbon business models. For our proprietary investments, the ESG Functional Rule for Investments provides the foundation of integrating climate-related issues. It comprises Asset Manager Selection and systematic integration of climate and ESG factors into our investment decisions.

[Read more in our ESG Integration Framework.](#)

We are strategically investing in low-carbon assets for more than a decade now. This includes renewable energy, certified green buildings, and green bonds (see also the chapter Metrics). Through our Sustainable Solutions program, Allianz provides products and services that create shared value by improving people's lives and/or delivering a positive environmental impact.

Allianz is a pioneer in insuring low-carbon technologies. As part of our Sustainable Solutions approach we provide standardized and tailor-made insurance products and are insuring renewables in more than 60 countries.

In 2019, we started analyzing technological and natural negative-emission solutions to accompany our net-zero commitment. Moreover, we are assessing how to use our expertise in investments in and insurance of renewable energy to achieve our RE100 target and tap potential business opportunities.

While working to combat global warming and climate change, we also aim to reduce the impacts of climate risks. Here, we incentivize preventive measures to increase customers' resilience and compensate for climate-related damages. Examples include Risk Consulting services offered by AGCS, our active support

of the InsuResilience Global Partnership, or our work with the German Corporation for International Corporation (GIZ) to pilot innovative insurance solutions in emerging and developing countries.

[For more details on these and other examples, please see chapters 03.1 and 03.2 in our Sustainability Report 2019.](#)

Our Response – Active company dialogue, joining forces and targeted engagement

Allianz Group is engaging investee companies as well as insurance clients in a variety of channels and formats. Besides the Group ESG Office also Allianz Investment Management has a dedicated engagement function for our proprietary investments. In addition, our internal asset managers Allianz Global Investors and PIMCO as well as our industrial insurer Allianz Global Corporate and Specialty are active stewards on climate-related matters.

Our shareholder voting rights are exercised by Allianz Global Investors on our behalf. Details on voting policy and voting records can be found online. Allianz Global Investors conducts voting activities in line with their Global Corporate Governance Guidelines and generally supports proposals that encourage company boards and management to increase their transparency on and consideration of sustainability issues deemed material to the long-term performance of the company. Allianz Global Investors votes and engages on behalf of Allianz SE and all other asset management clients, and thus considers all clients in their approach.

[Please see details on Allianz Global Investors voting policy and records here.](#)

By leveraging the expertise of several units and departments, we want to create an impact in the real economy and encourage companies to define and implement climate strategies following scientific findings. By actively encouraging companies to set

measurable climate targets that are transparently pursued, for example by joining the SBTi, we aim to not only reduce emissions in our proprietary investment portfolio but eventually in the real world.

[For more details on our engagement approach please see chapter 03.2 in our Sustainability Report 2019. For proxy voting records of AllianzGI, please refer to their overview web page.](#)

We are also joining forces with other asset owners in encouraging companies to implement such pathways. Our participation in the Transition Pathway Initiative (TPI), the engagement platform Climate Action 100+ as well as the Principles for Responsible Investment (PRI) connects us with like-minded investors and offers platforms for collaborative engagement. The AOA strives to be the hinge between these existing engagement platforms, asset owners, target verification initiatives and tools, as well as policy-makers.

Besides helping to drive decarbonization through our insurance and investment business, we continually work towards improving the environmental performance of our own operations through active dialogue and engagement. In operationalizing our commitment through the RE100 initiative to source 100% renewable power for our group-wide operations by 2023, we have started to engage deeply with our suppliers and landlords and collaborate with peers and the RE100 initiative to achieve this target. Our long-established carbon reduction strategy to manage the emissions from our own operations also builds on the exchange and engagement with service providers, suppliers, and employees and includes adjusting internal processes and policies. Additionally, we require all vendors in our supply chain above a certain spend threshold to meet the standards of the Allianz Code of Conduct and include environmental and climate issues in a vendor screening.

[For further information please see our ESG Integration Framework.](#)

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05.4 STRATEGY RESILIENCE, STRESS TESTS AND CLIMATE SCENARIO ANALYSIS

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Partnerships, memberships and financial industry engagement
As signatories of the UN Global Compact, the Principles for Responsible Investment and the U.N. Principles for Sustainable Insurance (PSI) as well as founding member of the Finance Initiative of the UN Environment Programme (UNEP FI), we strive to further a systemic response to the U.N. Sustainable Development Goals and the Paris Agreement. Allianz is a board member of the PSI and Thematic Advisor on Climate Change of the Investment Committee of UNEP FI.

Through our work with the G7 Investor Leadership Network (ILN) and Institutional Investors Group on Climate Change (IIGCC) as well as through our memberships in The B Team, the World Economic Forum Alliance of CEO Climate Leaders and others, we are encouraging other companies – both within our sector and beyond – to step up and improve their climate strategies and their climate disclosure as well as further develop our own.

Beyond previously-mentioned initiatives with a strong decarbonization focus (AOA, SBTi, TPI and Climate Action 100+), Allianz is partnering with international organizations to drive climate-smart investment and insurance. One example is the Sustainable Development Investment Partnership (SDIP) to scale the use of blended finance in sustainable infrastructure investments in developing countries, an initiative coordinated by the World Economic Forum with support from the OECD. Another example is our three-year strategic alliance with the German Corporation for International Cooperation (GIZ) aiming at “Closing the Protection Gap” around climate risks in developing countries.

We are also an active member of climate-related industry associations and initiatives like the Munich Climate Insurance Initiative, the Climate Finance Lab, the Accelerating Sustainable Finance initiative, the Geneva Association, ClimateWise, RE100, and others.

For more details see section 06.2 of our Sustainability Report 2019 on our Memberships and Partnerships.

Developing approaches on climate-related financial disclosure for insurance portfolios

As part of the PSI, together with 21 other insurance companies, Allianz is developing new approaches on risk assessment tools designed to enable the insurance industry to better understand the impacts of climate change scenarios on their lines of insurance business. The pilot will make use of the latest climate science, including some of the most advanced, forward-looking climate scenarios available. This shall help the industry to pioneer climate risk disclosures for insurance business in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Results are expected towards Q4 2020.

05.4 STRATEGY RESILIENCE, STRESS TESTS AND CLIMATE SCENARIO ANALYSIS

Climate change considerations are an integral part of our insurance and investment strategy which is informed by regular stress tests and additional climate-related scenario analyzes. We perform, for instance, sensitivity and scenario analyzes with time horizons up to 2050 and including scenarios ranging from 1.5°C to 4°C with internal models and with external tools. While material time horizons naturally differ depending on specific lines of business under consideration, the range of scenarios we apply allows to better assess the variety of risks and opportunities associated with climate change. We rely on both our own and on third-party scenarios provided by renown institutions such as the IPCC, IPR, EU, IEA or IRENA.

We always aim to use a number of different scenario providers and scenarios for our analyzes to better reflect the range of potential future developments and reduce the sensitivity to individual scenario narratives and assumptions. To this end, it proved most useful to have access to an increasing number of scenarios in general and those aligned with 1.5°C pathways.

When we conduct scenario alignment analyzes, we are adjusting our scenario selection with the guidance being developed within the AOA which will focus on 1.5°C scenarios with no or low emission overshoot. When conducting outside-in impact scenario analysis, we use a broader range of scenarios in terms of temperature outcomes.

We apply scenarios for instance in analyzing decarbonization challenges and pathways of sectors and assets, potential stranded assets and technology developments across different sectors. Furthermore, we are using scenario data and analysis to develop forward-looking criteria for our investment decisions with regard to carbon-intensive business models as well as low-carbon opportunities.

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Further examples of the application of scenario analysis include:

- Prospect and existing infrastructure assets undergo a thorough diligence along evaluation criteria taking into account an asset's GHG emissions and potential impact on capital expenditures and performance. Assets are required to have a clear and time-lined strategy on how it will adapt to a decarbonizing world.
- Allianz Real Estate conducted an energy and carbon performance overview of the direct real estate portfolio, including indicative decarbonization targets.
- Allianz co-led with the PSI the development of an ESG guide to non-life underwriting, including a risk heat map for economic sectors which also covers climate-change related risk assessments.

We will continue to scale up our efforts on stress-testing and scenario analysis. In 2020, we plan to increase these practices as part of our risk governance and will continue to conduct asset and portfolio scenario analysis for our direct infrastructure and real estate investments.

For more details see for instance the [ESG guide for non-life underwriting here](#).

CASE STUDY

SCENARIO ANALYSIS IN ASSET MANAGER MANDATES:

In early 2019, Allianz engaged with an asset manager with whom we hold a separate managed account as well as commitments to energy funds. Together with the asset manager – a specialized energy credit investor – portfolio projections were developed along with an investment portfolio pathway that is in line with an energy transition to keep global temperature rise at levels aligned with the Paris Agreement goals. Scenarios used in this context were IEA SDS and B2DS, Greenpeace Energy Revolution as well as scenarios drawn from the EU 2050 Long-Term Climate Strategy.

Allianz will continue engaging with this and other asset managers, providing impetus to further develop their ESG efforts. This kind of approach can serve as a feasible and scalable model for institutional investor engagement to develop consistent decarbonization pathways and investment strategies accordingly. As a result, asset managers then engage with the companies they invest in as well as their peers to implement best practice criteria in their industry.

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05.5.1 OVERARCHING RISK GOVERNANCE

As a general principle at Allianz, the responsibility for the 'First Line of Defense' rests with business managers in the related undertaking. They are responsible for both the risks taken and the returns from their decisions. Our 'Second Line of Defense' consists of independent global oversight functions. These are Risk, Actuarial, Compliance and Legal, which support the Board 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.

Climate-related risks are addressed as part of an overarching qualitative and quantitative risk reporting and controlling framework. Early-warning indicators are monitored and regularly reported to senior management through risk dashboards, risk capital allocation and limit consumption reports, where climate aspects become material. Supplemented by quarterly updates, senior management decides on a risk management strategy and related actions.

One key tool is the Allianz Risk Capital Model, which amongst others, assesses natural catastrophe events for the upcoming year on subsidiary and Group level.

Another instrument is the yearly Top Risk Assessment with the goal to identify and remediate significant threats to financial results, operational viability, reputation and the delivery of key strategic objectives, regardless of whether they can be quantified or not. Not only does this include immediate risks for the company, but also emerging risks, which may arise from technological development, new or changing environmental risks or socio-demographic changes. Climate-related factors are included in Top Risk Assessments conducted both on the level of operating entities as well as the Group.

Additionally, relevant emerging risks are discussed by the GFRC or the GUC and following that, underwriting opportunities or mitigation measures might be implemented where necessary.

For more details on these risk management processes please see the Risk and Opportunity Report on page 76-92. of the Allianz Group Annual Report 2019.

05.5.2 NATURAL CATASTROPHE RISK GOVERNANCE

The Group uses a group-wide risk management framework which is also applicable for natural catastrophes. Each operating entity is responsible for controlling its exposure to individual catastrophes and defining its local reinsurance requirements, based on its local risk appetite and capital position. The respective cover is then provided by Allianz SE or one of its subsidiaries. At the Group level, the BoM reviews and approves the risk appetite. The reinsurance division is then 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 are using special modeling techniques for natural catastrophes which combine portfolio data (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 stochastic models do not exist, we use deterministic, scenario-based approaches to estimate potential losses.

Experts at Allianz Reinsurance – including meteorologists, hydrologists, geophysicists, geographers and mathematicians – model around 50 natural catastrophe scenarios for Allianz Group, with data captured using best-in-class standards, mapping a range of perils and regions. The results provide the basis for group-wide risk monitoring, risk limits and subsequent business decisions. The top three perils contributing to natural catastrophe risk for Allianz Group as of 31 December 2017, 2018 and 2019

were: windstorms in Europe, floods in Germany, and earthquakes in Australia. Furthermore, we are conducting selected stress-scenario analysis on natural catastrophe risks like hail or windstorms to be used in risk steering. Our natural catastrophe models are regularly updated according to newest scientific information. We are continuously improving the inclusion of global natural catastrophe hazard information, including climate, into underwriting decisions.

05.5.3 CLIMATE AND ESG RELATED RISK GOVERNANCE

In addition to addressing climate-related risks as part of our overarching qualitative and quantitative reporting and controlling framework described above, a variety of comprehensive policies and processes foster integration of climate-related risks and opportunities.

Our ESG approach integrates climate- and sustainability-related considerations by applying group-wide corporate rules and ESG instruments across all our underwriting, investment and asset management activities. These guidelines, such as the Allianz ESG Functional Rule for Investments, are regularly updated and also part of the Allianz Standard for Reputational Risk and Issues Management, which establishes a core set of principles and processes for the management of reputational risks and issues within the Group. The publicly available third edition of the Allianz ESG Integration Framework further increases transparency around our internal processes and guidelines related to our ESG approach. We also rely on external providers for data related to climate, ESG and reputational risks.

As an additional layer, building on the explanations in the Governance chapter, the Climate Integration team within the Corporate Responsibility department as well as the ESG Task Forces work on early identification, measurement and business integration of risks as well as of opportunities arising from physical climate change and the low-carbon transition. Examples include regulatory activity around climate change

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

05.6 METRICS AND TARGETS

and sustainable finance, the integration of ESG and climate considerations in business processes as well as particular projects and others. Substantial topics are channeled to the ESG Board to inform strategic decision-making.

Risk and opportunity considerations are supplemented by additional processes, including:

- The **annual Allianz Risk Barometer** by Allianz Global Corporate & Specialty, a survey amongst corporate clients, brokers, industry trade organizations, risk consultants, underwriters, senior managers and claims experts, in total collecting more than 2,700 responses from 102 countries and 22 industry sectors. Climate change, as a cross-cutting risk driver, climbed again in the ranking reaching its highest-ever position (#7). It naturally links to natural catastrophes (#4) as a key risk to property business, but also gains increasing importance in shaping emission-intensive industries in terms of transition risks. Business interruption as another overarching topic, with potential triggers also found in climate-related events, ranked highest together with cyber incidents.
- The **Global Claims Review**, which analyzes more than 470,000 claims in over 200 countries and territories. This Review found wind storms as the only natural catastrophe event to appear in the top 10 causes of loss. Natural catastrophes in total account for 5% of claims in number and 13% of total value of all claims and represent some of the largest exposures to the energy as well as property and engineering segments. Environmental- and climate change-related liability issues are seen to potentially increase in future.
- In addition, Allianz is a member of the Emerging Risks Initiative in the CRO Forum. This group defines climate change as a trend which might result in emerging risks for non-physical climate risk.

- Our NGO Dialogue, which provides ad hoc and scheduled exchanges with NGOs on sustainability matters.
- A regular materiality assessment of emerging ESG and climate issues and opportunities.
- On-going dialogues with policy-makers, NGOs and academia on key economic, governmental, environmental and societal issues, including climate change to contribute to solutions for a sustainable tomorrow.

For our proprietary investments, the ESG Functional Rule for Investments provides the foundation of integrating climate-related issues. It comprises asset manager selection and systematic integration of climate and ESG factors into our investment decisions. Our portfolio-wide ESG assessment processes and data, including a variety of climate and carbon data (see chapter Metrics), enables continuous monitoring and steering of performance at security and portfolio level. For listed assets, we use ESG scores and climate indicators to manage ESG risks and opportunities in our proprietary portfolio. If certain assets score below defined thresholds, further investigation is mandatory under central monitoring, leading to a variety of potential measures, including engagement with the respective companies.

For more details on our activities as a sustainable insurer and investors, see chapters 03.1 and 03.2 in our Sustainability Report 2019.

05.6 METRICS AND TARGETS

Our approach to the low-carbon transition will be steered by our commitment to set science-based emission reduction targets as well as to reaching net-zero emissions in our proprietary investment portfolio by 2050. To this end, we will set ourselves long-term and intermediary emissions reduction targets for our business operations as well as our proprietary investment portfolio in line with the Paris Agreement's target of limiting global warming to 1.5°C. We expect publication of carbon reduction targets for our investment portfolio as part of the AOA towards the end of 2020, since the target-setting methodology for financial institutions is yet to be defined by sectoral initiatives like SBT for Financial Institutions within the SBTi.

The carbon footprint of our proprietary listed equity portfolio is newly included in our disclosure this year. Going forward, we will be publishing metrics, targets and our performance related to our AOA membership. Currently, we are expecting this to cover the asset classes listed equity, corporate bonds and real estate and potentially also sovereign bonds. The AOA is also striving to have engagement-related targets.

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ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

05.6 METRICS AND TARGETS

05.6.1 TARGETS AND TARGET PERFORMANCE

	TARGETS 2018	PROGRESS & ACHIEVEMENTS 2018	TARGETS 2019	PROGRESS & ACHIEVEMENTS 2019	TARGETS 2020 AND BEYOND
Investment strategy	<ul style="list-style-type: none"> Investigate further alignment of investment strategy with a 2°C target 	<ul style="list-style-type: none"> Committed to Science Based Targets initiative in May 2018 	<ul style="list-style-type: none"> Set long-term climate targets for proprietary investments and business operations in line with well below 2°C Run pilot portfolios on climate-related target-setting and steering 	<ul style="list-style-type: none"> Actively contributed to setting up U.N.-convened Net-Zero Asset Owner Alliance (AOA), a group of asset owners committed to reduce the GHG emissions of their investment portfolios to net-zero by 2050 Ran pilot portfolios on climate-related target-setting and steering, results used in operationalization of AOA commitment Raised our carbon reduction target ambition to align with 1.5°C-compatible pathways. 	<ul style="list-style-type: none"> Set long-term and intermediary climate targets (2025) for proprietary investments in line with 1.5°C as soon as AOA has defined framework for target-setting (expected for Q4 2020) Thereafter, regularly report on progress and review targets at least every five years in line with Paris Agreement Article 4.9 Reduce GHG emissions of proprietary investment portfolio to net-zero by 2050
Coal phase-out	<ul style="list-style-type: none"> Implement a group-wide divestment from coal-based business models 	<ul style="list-style-type: none"> Decided to no longer insure single-site coal-fired power plants and coal mines that are being operated or planned as of 2018 Further strengthened the coal exclusion approach in investments in 2018 Tightened restrictions on coal, introduced a long-term action plan for coal until 2040 Divested additional 61.5 million Euro in equities and put an additional 906.7 million Euro in fixed income in run-off 	<ul style="list-style-type: none"> Update coal exclusion lists with most recent market data Fully phase out coal-based business models across our proprietary investments and property-casualty portfolios by 2040 at the latest along well below 2°C pathway 	<ul style="list-style-type: none"> Worked on the implementation of coal exclusion approach in proprietary investments and P&C underwriting On-boarded data provider specifically for identifying companies with coal-based business models Divested additional 14 million Euro in equities and put another 236 million Euro in fixed income investments in run-off Adjusted our coal phase-out plan to be aligned with our increased ambition of 1.5°C compliance 	<ul style="list-style-type: none"> Fully phase out coal-based business models across our proprietary investments and P&C portfolios by 2040 at the latest along 1.5°C pathway Reduce threshold for coal-based business models for P&C insurance as well as investment portfolios from current 30% to 25% as of 31 December 2022 Engage with companies in proprietary investment as well as P&C portfolios to move away from coal
Scenario analysis for insurance			<ul style="list-style-type: none"> Initiate PSI project to develop new approaches on climate risk assessment tools for the insurance industry 	<ul style="list-style-type: none"> Gathered with 21 other insurance companies under the roof of PSI to develop new approaches on climate risk assessment tools for the industry and secured third-party support 	<ul style="list-style-type: none"> Final report of PSI project expected by Q4 2020

05.6.2 METRICS

To monitor, assess and steer climate-related aspects of the economy, Allianz uses a variety of indicators across the different lines of business. Our complete list of sustainability-related KPIs can be found in section 06.

Investment portfolio composition

On the investment side it is helpful to contextualize, for instance, our commitment to the U.N.-AOA with mainstream financial information like the spread across different asset classes, jurisdictions and sectors. This information can be accessed via the FY 2019 annual report documents, for instance the financial supplement and the corresponding analyst presentation here.

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ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

05.6 METRICS AND TARGETS

Listed equity carbon-related indicators incl. carbon footprint

As of this reporting year, we are introducing disclosure on our listed equity portfolio. Within our entire portfolio, listed equities are the asset class we found most exposed to transition risks in previous analyzes. We are therefore providing general listed equity portfolio indicators as well as emission-related indicators. We are expecting to enhance this disclosure in upcoming reporting cycles, also in light of our upcoming AOA targets and reporting.

Methodology and scope

The portfolio carbon footprint is calculated based on the following measures for scope 1+2 emissions in line with the GHG Protocol. Emission-related data is provided by MSCI.

ABSOLUTE PORTFOLIO CARBON FOOTPRINT:

$$\sum_{i=1}^n \frac{\text{€investment}_i}{\text{issuer's enterprise value}_i} * \text{issuer's emissions}_i$$

RELATIVE PORTFOLIO CARBON FOOTPRINT (I.E. PORTFOLIO CARBON FOOTPRINT PER EUR INVESTED):

$$\frac{\sum_{i=1}^n \frac{\text{€investment}_i}{\text{issuer's enterprise value}_i} * \text{issuer's emissions}_i}{\text{Portfolio market value}}$$

WEIGHTED AVERAGE CARBON INTENSITY (I.E. PORTFOLIO WEIGHTED AVERAGE CARBON INTENSITY PER EUR INVESTED):

Portfolio weighted average carbon intensity per revenue

$$= \sum_{i=1}^n \text{Portfolio weight}_i \frac{\text{issuer's emissions}_i}{\text{issuer's sales}_i}$$

Enterprise value is defined as the sum of the market capitalization of common stock at fiscal year end, the market capitalization of preferred equity at fiscal year-end, and the book values of total debt and minorities' interests minus the cash and cash equivalents held by the enterprise. Enterprise value is sourced from Bloomberg.

Mutual Equity Funds and similar products like ETFs are out of scope of FY2019 reporting, which represent 5.8 billion Euro in the global Allianz Equities Portfolio. We estimate the absolute emissions of these products at around 1.3 million tonnes CO₂e, based on the emissions of the MSCI ACWI index. We expect to include reporting on the carbon footprint of these products in FY2020 reporting.

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ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

05.6 METRICS AND TARGETS

LISTED EQUITY PORTFOLIO INDICATORS

Indicator	Unit	2019	2018	Δ y-o-y
Equities Portfolio AuM	€ bn	39.53	32.93	+20.0%
Share of total AuM	%	5.0%	4.7%	+0.3%p
Absolute Emissions	mn t CO ₂	3.904	4.012	-2.7%
Relative Emissions	t CO ₂ /€ mn invested	98.76	121.84	-18.9%
Weighted Average Carbon Intensity	t CO ₂ /€ mn invested	155.42	177.76	-12.6%
Emission data coverage of equities AuM	%	99.8%	99.5%	+0.3%p

all values as of December 31

While our equity portfolio increased in value by 20% from 2018 to 2019, mostly driven by price performance, absolute emissions fell by 2.7%. This is a good result when compared with the global growth in emissions in recent years. Our two relative indicators have improved quite significantly, but a notable contribution comes from the general growth in company valuations.

Because relative indicators are sensitive to changes in either direction in both company valuation and company sales, we believe absolute emissions are the most meaningful measure of the carbon performance of our portfolio.

In addition, our current emission scope is 1+2 and thereby does not consider emissions in the wider value chain, which can be significant for many sectors. While data quality for scope 3 emissions is still low, we believe there is merit in sector-specific scope 3 indicators and data to determine if companies and their products are on a pathway consistent with our 1.5°C ambition. We are working to develop these indicators also as part of the AOA.

SECTOR-SPECIFIC LISTED EQUITY PORTFOLIO INDICATORS

Indicator	Unit	2019	2018	Δ y-o-y	
Total AuM in 5 sectors with highest owned absolute emissions in equities portfolio	€ bn	6.01	5.29	+13.7%	
Absolute Emissions of 5 sectors with highest owned absolute emissions in equities portfolio	mn t CO ₂	2.584	2.611	-1.0%	
Number of issuers in 5 sectors with highest owned absolute emissions in equities portfolio		381	315	+21.0%	
Of these:					
SBTi Signatories		35	28	+25.0%	
SBTi Targets Set		22	17	+29.4%	
Under engagement by Climate Action 100+		58	52	+11.5%	
Split of sectors with highest owned absolute emissions in equities portfolio					
Oil & Gas Producers	Sector AuM	€ bn	1.96	1.98	-1.0%
	Share of equity AuM	%	5.0%	6.0%	-1.0%p
	Absolute Emissions	mn t CO ₂	0.780	0.775	+0.7%
	Relative Emissions	t CO ₂ /€ mn invested	398.10	391.40	+1.7%
Chemicals	Sector AuM	€ bn	1.96	1.70	+15.7%
	Share of equity AuM	%	5.0%	5.2%	-0.2%p
	Absolute Emissions	mn t CO ₂	0.501	0.542	-7.7%
	Relative Emissions	t CO ₂ /€ mn invested	255.21	319.70	-20.2%
Construction & Materials	Sector AuM	€ bn	1.13	0.74	+52.8%
	Share of equity AuM	%	2.9%	2.2%	+0.7%p
	Absolute Emissions	mn t CO ₂	0.517	0.312	+65.5%
	Relative Emissions	t CO ₂ /€ mn invested	458.52	423.26	+8.3%
Industrial Metals & Mining	Sector AuM	€ bn	0.17	0.16	+4.7%
	Share of equity AuM	%	0.4%	0.5%	-0.1%p
	Absolute Emissions	mn t CO ₂	0.428	0.577	-25.8%
	Relative Emissions	t CO ₂ /€ mn invested	2,524.17	3,560.70	-29.1%
Electricity	Sector AuM	€ bn	0.79	0.71	+11.2%
	Share of equity AuM	%	2.0%	2.2%	-0.2%p
	Absolute Emissions	mn t CO ₂	0.357	0.404	-11.5%
	Relative Emissions	t CO ₂ /€ mn invested	451.71	567.85	-20.5%

all values as of December 31

In addition to the above figures, it is noteworthy that only 10 of almost 3,000 issuers in our equity portfolio account for 40% of the absolute emissions of the portfolio, while only accounting for 7% of the AuM. This also explains why we believe that the engagement of investee companies to decarbonize portfolios is essential.

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05.6 METRICS AND TARGETS

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Investment and insurance metrics (list not exhaustive)

- Revenue generated from our sustainable solutions, including the number of products offered: 1.33 billion Euro, 203 products
- Total sustainability-themed investments, including climate aspects: 29.4 billion Euro
- Amount of green assets in the portfolio, all with growth aspirations:
 - Debt and equity investments in renewable energy: 7.2 billion Euro, an increase by 0.4 billion Euro from 2018
 - Number of renewable energy parks in portfolio: 99
 - Capacity of renewable energy parks in portfolio: 1.95 GW
 - Debt and equity investments in green buildings: 14.6 billion Euro
 - Investments in green bonds: 5.6 billion Euro

- In 2015, we stopped financing coal-based business models. Amount of securities affected:
 - Fixed-income securities in run-off: 5.9 billion Euro
 - Fixed-income securities added to run-off in 2019: 236.0 million Euro
 - Total equity securities divested: 340.5 million Euro
 - Equity securities additionally divested in 2019: 14.0 million Euro
- Volume of Sustainable and Responsible Investments (SRI) for our third-party assets: 157.7 billion Euro

Furthermore, we analyze our investment portfolio with a broad range of climate- and carbon-related data and indicators from sources like MSCI ESG, TPI, Influence Map, Carbon Tracker and SBTi (list not exhaustive). The indicators are absolute and relative carbon footprint information, fossil fuel reserves including potential emissions, carbon performance, risk and risk management indicators, low-carbon opportunities scores and decarbonization targets.

For more details on our climate and sustainability-related metrics and targets see section 06 of our Sustainability Report 2019.

05.6.3 BUSINESS OPERATIONS

Allianz continually strives to improve the environmental and climate performance of its business operations. A group-wide Environmental Management System provides the framework, including 47 KPIs related to, amongst others, GHG emissions per employee, electricity consumption, share of renewable energy and number of carbon certificates used to offset remaining emissions to be carbon-neutral.

More information on our environmental management can be found in section 04.7.

As part of the Allianz Sustainability Report, an assurance review of our climate-related financial disclosure was conducted by our auditor.

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06 DATA AND PERFORMANCE



DATA AND PERFORMANCE:

06.1 OUR TARGETS AND ACHIEVEMENTS

CLIMATE INTEGRATION

Topic	Targets 2019	Progress and Achievements 2019	Targets 2020 and beyond	Reference Sections / Data Table
CLIMATE STRATEGY	<ul style="list-style-type: none"> Set long-term climate targets for our proprietary investments and business operations in line with the Paris Climate Agreement's goal to limit global warming to well below 2°C. In the first half of 2019, we will run pilot portfolios on climate-related target-setting and steering which will ideally allow us to identify data gaps, derive monitoring and steering approaches and metrics as well as potential investment management actions. 	<ul style="list-style-type: none"> Actively contributed to setting up the UN-convened Net-Zero Asset Owner Alliance, a group of asset owners committed to reduce the GHG emissions of their investment portfolios to net-zero by 2050, consistent with a maximum temperature rise of 1.5°C. In the first half of 2019, we ran pilot portfolios on climate-related target-setting and steering which allowed us to identify data gaps, derive monitoring and steering approaches and metrics as well as potential investment management actions. The results of this will now be used in the operationalization of the Asset Owner Alliance commitment. 	<ul style="list-style-type: none"> Set long-term and intermediary climate targets for our proprietary investments and business operations in 2020 in line with the Paris Climate Agreement's goal to limit global warming to 1.5°C. Reduce GHG emissions of proprietary investment portfolio to net-zero by 2050. 	Sections 02.2; 05
PSI COLLABORATION ON CLIMATE RISKS	<ul style="list-style-type: none"> Together with the UN Principles for Sustainable Insurance, we will furthermore develop new approaches on climate risk assessment tools for the insurance industry. This shall enable a better understanding of the impacts of climate change scenarios on the different lines of insurance business. 	<ul style="list-style-type: none"> Gathered 21 insurance companies under the roof of the UN Principles for Sustainable Insurance to jointly develop new approach on climate risk assessment tools for the industry and secured 3rd-party support. 	<ul style="list-style-type: none"> Publish final report of Principles for Sustainable Insurance project expected by Q4 2020. 	Section 03.1.1
CLIMATE RISK INSURANCE	<ul style="list-style-type: none"> Develop flood insurance product for public assets in Accra, Ghana. 	<ul style="list-style-type: none"> Insurance product to protect public assets against floods in Accra, Ghana, developed within the framework of our three-year strategic alliance with GIZ. 	<ul style="list-style-type: none"> Propose flood insurance for public assets in Accra, Ghana; propose integrated risk management including flood insurance to SMEs in industrial zones in Morocco. 	Section 03.1.2
COAL-BASED BUSINESS MODELS	<ul style="list-style-type: none"> Update coal exclusion lists with most recent market data. Fully phase out coal-based business models across our proprietary investments and property-casualty (P&C) portfolios by 2040 at the latest. 	<ul style="list-style-type: none"> Worked on the implementation of our coal exclusion approach in proprietary investments and P&C underwriting. On-boarded data provider specifically for identifying companies with coal-based business models. Divested an additional 14.0 million Euro in equities and put another 230 million Euro in fixed income investments in run-off. 	<ul style="list-style-type: none"> Fully phase out coal-based business models across our proprietary investments and P&C portfolios by 2040 at the latest. Reduce the 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. Engage with companies in proprietary investment as well as P&C portfolios to move away from coal. 	Section 03.2.1 Table ESG-10
RENEWABLE ENERGY	<ul style="list-style-type: none"> Increase debt and equity investments in renewable energy in the mid-term. Achieve 100% green electricity for our operations by 2023 within Allianz Group. 	<ul style="list-style-type: none"> Investments of 7.2 billion Euro (2018: 6.8 billion Euro) in renewable energy. Achieved a share of 49% green electricity of total electricity used (2018: 45%) within Allianz Group. 	<ul style="list-style-type: none"> Achieve 100% green electricity for our operations by 2023 within Allianz Group. 	Section 03.2.2 Table ESG-8
ENERGY CONSUMPTION	<ul style="list-style-type: none"> Reduce energy consumption by 30% per employee by 2020 compared to 2010 within Allianz Group. 	<ul style="list-style-type: none"> Achieved a reduction of 37% in 2019 (2018: 34%) compared to 2010 within Allianz Group. 	<ul style="list-style-type: none"> Reduce energy consumption by 30% per employee by 2020 compared to 2010 within Allianz Group. In 2020, we will develop our next set of environmental targets up until 2025. 	Section 04.7 Table ENV-3
GREENHOUSE GAS (GHG) EMISSIONS PER EMPLOYEE	<ul style="list-style-type: none"> Reduce CO₂ emissions by 30% per employee by 2020 compared to 2010 within Allianz Group. 	<ul style="list-style-type: none"> Achieved a reduction of 35% in 2019 (2018: 27%) compared to 2010 within Allianz Group. 	<ul style="list-style-type: none"> Reduce CO₂ emissions by 30% per employee by 2020 compared to 2010 within Allianz Group. In 2020, we will develop our next set of CO₂ emission targets up until 2025, in line with the latest climate science. 	Section 04.7 Table ENV-2 NFR, Group Annual Report 2019, p. 44 ¹
PAPER CONSUMPTION	<ul style="list-style-type: none"> Reduce paper consumption by 40% per policy compared to 2014 by 2020 within Allianz Group. 	<ul style="list-style-type: none"> Achieved a reduction of 53% in 2019 (2018: 41%) compared to 2014 within Allianz Group. 	<ul style="list-style-type: none"> Reduce paper consumption by 40% per policy by 2020 compared to 2014 within Allianz Group. In 2020, we will develop our next set of environmental targets up until 2025. 	Section 04.7 Table ENV-9

¹ Additional details can be found in the Group Annual Report 2019, Combined Separate Non-Financial Statement (NFR).

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DATA AND PERFORMANCE: 06.1 OUR TARGETS AND ACHIEVEMENTS

SOCIAL INCLUSION

Topic	Targets 2019	Progress and Achievements 2019	Targets 2020 and beyond	Reference Sections / Data Table
STRATEGY	<ul style="list-style-type: none"> Develop measurement tools to address robust numbers for beneficiaries. Further develop the Social Pillar strategy to connect with the business and its operations. 	<ul style="list-style-type: none"> Began reporting on the number of beneficiaries. Under the sponsorship of one Board Member and direction from the ESG Board a Task Force was formed to further continue the work. 	<ul style="list-style-type: none"> Set clear Business and Social KPIs and measurement systems to track outcome. Develop and announce the improved Social Pillar approach and connection with the business and its operations. 	Sections 02.3; 04.9
SOS CHILDREN'S VILLAGES	<ul style="list-style-type: none"> Increase partnerships with SOS Children's Villages to 31 countries by 2021. Continue to support overall SOS disaster preparedness and response in 2019. Further expand YouthCan! partnerships to more countries. 	<ul style="list-style-type: none"> Increased our joint reach by fostering eight new partnerships in six new countries. Supported implementation of SOS disaster preparedness and response in 2019. Further strengthened our participation by fostering four new YouthCan! partnerships. The fourth Allianz World Run raised 300,000 Euro for SOS Children's Villages. 	<ul style="list-style-type: none"> Continue expansion of partnerships with SOS Children's Villages to 31 countries by 2021. Continue to support SOS disaster response and assess needed support for disaster preparedness. Continue to expand YouthCan! partnerships in 2020. 	Sections 02.3; 04.9 Sections 02.3; 04.9
ENCOURAGING FUTURE GENERATIONS PROGRAM	<ul style="list-style-type: none"> Continue with Social Innovation Fund to encourage operating entities to on-board with the strategy. Expand the focus on employee engagement with the Social Innovation Fund. The second Encouraging Future Generations Day is planned to include various stakeholders to address Allianz's social strategy and create dialog among key stakeholders. Encouraging Future Generations Day to serve as the final pitch day for the Investment Ready Program participants where one will win the 40,000 Euro grant from Allianz. 	<ul style="list-style-type: none"> Since its launch, the Social Innovation Fund (SIF) has provided 0.5 million Euro to projects in over 20 countries to foster local partnerships and benefit society through innovative solutions for children and youth. The second Encouraging Future Generations Day was successfully completed with over 100 external stakeholders and over 1,000 views on YouTube broadcast. Successfully concluded the second cycle of the Investment Ready Program. Partnerships of the first cycle were concluded as of March 2019. 	<ul style="list-style-type: none"> Re-purpose the Social Innovation Fund together with OEs regarding conclusion of the renewed Social Pillar approach. Re-launch the Social Innovation Fund in 2020. Combine the Encouraging Future Generations Day with the annual Sustainability Forum to increase efficiency in reach and consistency among stakeholders. Re-purpose the Allianz Future Generations Award together with OEs regarding conclusion of the renewed Social Pillar approach. Re-launch the Allianz Future Generations Award in 2020. 	Sections 02.3; 04.9 Sections 02.3; 04.9
EMERGING CONSUMERS	<ul style="list-style-type: none"> Continue expansion in the emerging consumers market Africa, Asia and Latin America. 	<ul style="list-style-type: none"> Continued to expand our access to emerging consumers with new digital offerings by collaborating with insurtechs, mobile network operators, mobility platforms, and other digitally operating partners. Following the investment in 2017, the strategic partnership with BIMA was further deepened in 2019 when we started underwriting BIMA portfolios in several markets. 	<ul style="list-style-type: none"> Continue expansion in Africa, Asia, and Latin America and to support a growing number of emerging consumers. 	Section 03.1.5 Table ESG-6

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SOCIAL INCLUSION CONTINUED

Topic	Targets 2019	Progress and Achievements 2019	Targets 2020 and beyond	Reference Sections / Data Table
EMPLOYEE VOLUNTEERING PROGRAM	<ul style="list-style-type: none"> Online Mentoring Program to be rolled out on a global scale with 100 youth and mentors. 	<ul style="list-style-type: none"> Under the sponsorship of one Board Member a Task Force was formed to redefine the community engagement and strategically position at Allianz. 	<ul style="list-style-type: none"> Improve global approach and communicate to OEs. Develop a framework to support OEs in elevating community engagement activities on local level. 	Sections 02.3, 04.9 Table CC-2

BUSINESS INTEGRATION

Topic	Targets 2019	Progress and Achievements 2019	Targets 2020 and beyond	Reference Sections / Data Table
PSI INDUSTRY STANDARD	<ul style="list-style-type: none"> Launch global consultation on final draft for ESG insurance industry standard. 	<ul style="list-style-type: none"> Launched final consultation on ESG standard for the insurance sector with UNEP FI PSI. 	<ul style="list-style-type: none"> UNEP FI PSI to publish ESG standard for insurance industry by Q1 2020 and update industry standard on an annual basis. 	Section 03.1.1
ESG ENGAGEMENTS		<ul style="list-style-type: none"> Conducted 49 engagements with investee companies on ESG grounds. 		Section 03.2.1 Tables ESG-12; ESG-13; ESG-14; ESG-15
ESG INTEGRATION	<ul style="list-style-type: none"> Review referral and assessment process. 	<ul style="list-style-type: none"> 602 transactions referred and assessed for ESG risks. Continued to train underwriters and relevant employees on our ESG screening processes. 	<ul style="list-style-type: none"> Continue to implement and improve our ESG screening process into insurance, investment and procurement transactions. 	Sections 02.4; 03.1.1; 03.2.1 Tables ESG-1; ESG-2; ESG-3
SUSTAINABLE INVESTMENTS		<ul style="list-style-type: none"> Increased our proprietary sustainability-themed investments to 29.4 billion Euro from 25.1 billion Euro (17.1% increase). Increased our third-party sustainable investment assets under management to 157.7 billion Euro from 146.8 billion Euro in 2018. 		Section 03.2.2 Table ESG-8
ESG IN REAL ESTATE		<ul style="list-style-type: none"> Developed ESG Guidance for Real Estate Investments to further drive ESG risk management for real estate transactions. 	<ul style="list-style-type: none"> Continue global carbon accounting and reporting project to improve environmental reporting across its portfolio. 	Section 03.2.3 Table ESG-8
SUSTAINABLE SOLUTIONS		<ul style="list-style-type: none"> Offered 203 sustainable insurance and asset management solutions (2018: 172). 1.33 billion Euro revenue generated through Sustainable Solutions. 	<ul style="list-style-type: none"> Continue to increase our sustainable solutions offer worldwide. 	Section 03.4 Tables ESG-4; ESG-5; ESG-6
HUMAN RIGHTS	<ul style="list-style-type: none"> Continue to apply ESG Sector Guidelines and Human Rights Guidelines for sensitive countries into all business lines and core processes dealing with insurance and investment decisions. Conduct annual review for U.K. and Group Modern Slavery Statements in 2019. Develop human rights guidance within PSI ESG in underwriting project for property-casualty insurance in 2019. 	<ul style="list-style-type: none"> No issues were raised regarding human rights issues in accordance with the Modern Slavery Act in 2019. The consultation draft for the PSI-ESG in Underwriting project that includes human rights-relevant criteria was published in February 2019. 	<ul style="list-style-type: none"> Continue to apply ESG Sector Guidelines and Human Rights Guidelines for sensitive countries into all business lines and core processes dealing with insurance and investment decisions. Conduct a review of U.K. and Group Modern Slavery Statement in 2020. Publish a full first version of the PSI-ESG in Underwriting Guidance for property-casualty insurance by the second quarter of 2020. 	Section 02.4 Allianz ESG Integration Framework
VENDOR CODE OF CONDUCT		<ul style="list-style-type: none"> 97% percent of global suppliers, representing a total spend of 1.8 billion Euro, committed to the Allianz Vendor Code of Conduct. 		Section 04.8

DATA AND PERFORMANCE: 06.1 OUR TARGETS AND ACHIEVEMENTS

OTHERS¹

Topic	Targets 2019	Progress and Achievements 2019	Targets 2020 and beyond	Reference Sections / Data Table
EMPLOYEE MATTERS – IMIX	<ul style="list-style-type: none"> 73% IMIX score in 2021 within Allianz Group. 	<ul style="list-style-type: none"> 73 % IMIX score in 2019 within Allianz Group 2018: 71%). We are well on track to achieve our 2021 targets for the Allianz Group and continue to roll out global initiatives with the goal to maintain, if not further improve, the results. 	<ul style="list-style-type: none"> 73% IMIX score in 2021 within Allianz Group. 	Section 04.1 Table HR-10 NFR, Group Annual Report 2019, p.49 ²
GLOBAL NPS PERFORMANCE, ALLIANZ GROUP	<ul style="list-style-type: none"> 75% of Allianz Group business segments of our entities score above market or in a loyalty leader position in 2019 (2018: 75%). In order to ensure that our global ambitions 2019 will be met, dedicated “NPS activation workshops” will be organized in the first half of 2019 with all OEs in scope to identify performance gaps and define concrete action plans. 	<ul style="list-style-type: none"> 70 % of the business segments of Allianz Group’s entities scored above market or in a loyalty leader position (2018: 74 %). This drop in share of outperforming segments is due to four segments having decreased to “at market,” while two improved from an “at market” to an “above market” position. 	<ul style="list-style-type: none"> 75% plus of Allianz Group business segments of our entities score above market or in a loyalty leader position in 2021. In order to ensure we will meet our global ambitions for 2021, dedicated “NPS activation workshops” will continue to be organized in 2020 with all OEs in scope to identify performance gaps and set up concrete action plans. 	Section 04.4 Table NPS-1 NFR, Group Annual Report 2019, p.46 ²
DATA PRIVACY CONCEPTS		<ul style="list-style-type: none"> Continued efforts that began in 2016 as we worked with Allianz Group companies and other Group centers on the group-wide implementation of the Allianz Privacy Renewal Program (APRP). Began the transition to a business-as-usual environment since we approached full implementation of the APRP in the European Economic Area. Accordingly, the emphasis and, along with it, resources have been shifted from the implementation of the privacy program to monitoring activities, including onsite reviews. These efforts focus on the maturation of our group-wide privacy activities. 	<ul style="list-style-type: none"> Implement the APRP across all Allianz Group companies by mid-2020. Target a sample of Allianz OEs for data privacy reviews in 2020. 	Section 04.2 NFR, Group Annual Report 2019, p.47 ²
COMPLIANCE	<ul style="list-style-type: none"> Completion of the 3rd cycle of the integrated compliance risk scoping and assessment activities as part of the company’s Integrated Risk and Control System (IRCS) processes. Review and simplify the current risk scoping and maturity assessment processes. 	<ul style="list-style-type: none"> Completion of the 3rd cycle of our integrated compliance risk scoping and assessment activities as part of Allianz’s IRCS. 	<ul style="list-style-type: none"> Complete the 4th cycle of the integrated compliance risk scoping and assessment activities as part of the company’s IRCS process in 2020. Continue to focus on assessing the effectiveness of the implemented mitigating measures via the risk and maturity assessment. 	Section 04.5 NFR, Group Annual Report 2019, p.50 ²

¹ These targets and achievements are related to other parts of our corporate strategy, i.e. the Renewal Agenda or our HR approach.

² Additional details can be found in the Group Annual Report 2019, Combined Separate Non-Financial Statement (NFR).

06.2 MEMBERSHIP AND PARTNERSHIPS

Below is an excerpt of some of our memberships and partnerships

Memberships	
Founders Circle, The B Team	
Investor Signatories, ClimateAction100+ (CA100+)	
Founding Member, Climate Leadership Council (CLC)	
Member, ClimateWise	
Member, The Global Innovation Lab for Climate Finance	
Member, Institutional Investors Group on Climate Change (IIGCC)	
Member, Insurance Development Forum (IDF)	
Member, InsuResilience Global Partnership	
Member, Investment Leaders Group (ILG)	
Member, Investor Leadership Network – A G7 initiative (ILN)	
Member, Munich Climate Insurance Initiative (MCI)	
Member, Portfolio Decarbonization Coalition (PDC)	
Signatories, Principles for Responsible Investment (PRI)	
Signatory, Principles for Sustainable Insurance (PSI)	
Member, RE100	
Member, Science Based Targets initiative (SBTi)	
Member, Stifterverband der Deutschen Wissenschaft	
Signatory, UN Global Compact (UNGC)	
Founding Member, UNEP Finance Initiative (UNEP FI)	
Member, World Economic Forum Alliance of CEO Climate Leaders	
Founding Member, U.N.-convened Net-Zero Asset Owner Alliance (AOA)	
Member & Co-chair, U.N.-convened Global Investors for Sustainable Development (GISD) Alliance	
Supporter, Transition Pathway Initiative (TPI)	
Supporter, Task Force on Climate-related Financial Disclosures (TCFD)	
Partnerships	
Partnership with the German Corporation for International Cooperation (GIZ)	
Partnership with Impact Hub Munich (concluded as of March 2019)	
Partnership with SOS Children's Villages International	
Partnership with World CleanUp Day	

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06.3 ESG PERFORMANCE DATA

This section contains data related to the ESG performance of Allianz Group. Data in this section is part of the Sustainability strategy and governance and Sustainability in core business activities sections.

Table ESG-1

ESG REFERRALS AND ASSESSMENTS

As of December 31	2019	2018	2017
Insurance	474	470	539
Investments	64	52	43
Procurement ¹	58	109	n/a
Other	6	0	1
Total	602	631	583

Table ESG-2

ESG REFERRALS AND ASSESSMENTS: ASSESSMENT OUTCOMES

% share of total referrals

As of December 31	2019	2018	2017
Proceed	53.3	53.2	44.9
Proceed with mitigation or additional conditions	38.7	36.5	48.4
Do not proceed	8.0	10.3	6.7

Table ESG-3

ESG REFERRALS AND ASSESSMENTS BY SENSITIVE BUSINESS AREA

As of December 31	2019				2018				2017			
	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	22	14	1	37	9	13	0	22	11	15	1	27
Animal Testing	1	0	2	3	2	0	0	2	0	0	0	0
Animal Welfare	0	0	0	0	3	1	0	4	2	2	0	4
Betting and Gambling	3	3	0	6	6	1	0	7	6	3	0	9
Clinical Trials	10	11	0	21	9	7	0	16	13	11	2	26
Defense	26	18	2	46	26	21	5	52	31	22	5	58
Human Rights	6	12	4	22	4	16	3	23	7	8	0	15
Hydro-Electric Power	11	7	3	21	6	11	1	18	11	10	2	23
Infrastructure	47	33	9	89	45	38	36	119	58	61	10	129
Mining	19	63	13	95	21	61	7	89	34	75	8	117
Nuclear Energy	2	3	2	7	3	0	0	3	4	6	1	11
Oil and Gas	24	39	4	67	19	29	3	51	24	38	2	64
Sex Industry	1	0	0	1	0	0	0	0	0	0	0	0
Procurement Transactions ¹	58	0	0	58	109	0	0	109	n/a	n/a	n/a	n/a
Other ESG and Reputational Issues	91	30	8	129	74	32	10	116	61	31	8	100
Total	321	233	48	602	336	230	65	631	262	282	39	583

¹ Procurement activities have only been included in the scope of the ESG referral and assessment process since 2018.

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Table ESG-4

REVENUES FROM SUSTAINABLE SOLUTIONS¹

€ mn

As of December 31	2019	2018	2017
Sustainable Insurance Solutions ²	927.8	881.0	456.6
Insurance solutions with a sustainability component	364.3	371.2	389.8
Emerging Consumer Solutions ³	40.7	26.4	27.7
Total	1,332.9	1,278.6	874.0

Table ESG-5

NUMBER OF SUSTAINABLE SOLUTIONS

As of December 31	2019	2018	2017
Sustainable Insurance Solutions ²	97	94	93
Insurance solutions with a sustainability component	35	37	37
Emerging Consumer Solutions ³	28	16	17
Sustainable Asset Management Solutions ²	43	25	23
Total	203	172	170

Table ESG-6

EMERGING CONSUMER BUSINESS

As of December 31		2019	2018 ⁴	2017
Gross Written Premiums (GWP)	€ mn	410.1	310.3	256.4
thereof from consolidated entities ⁵	€ mn	40.7	26.4	27.7
thereof from non-consolidated entities	€ mn	369.4	283.9	228.8
No. of in force insured people		49,369,411	44,110,068	58,734,168
thereof from consolidated entities ⁵		9,988,707	7,072,399	7,381,796
thereof from non-consolidated entities		39,380,704	37,037,669	51,352,372
GWP per customer	€/cust.	8.31	6.98	4.37

1 Our current data collection process does not allow for a complete tracking of revenue data. Revenues included are subject to data availability.

2 Please note that the 2017 and 2018 figures have been restated due to a change in scope.

3 Please note that the 2017 and 2018 figures have been restated due to a change in scope to match the requirements of GRI disclosure 102-45.

4 Please note that the 2018 emerging consumer data has been restated.

5 Please see note 44 to the Consolidated Financial Statements of Allianz Group Annual Report 2019.

6 2017 data has not been part of the assurance scope.

7 Please note that the data only includes closed transactions. Signed projects are excluded.

8 Total generating capacity excludes the US Tax Equity investments.

Table ESG-7

ESG IN ASSET MANAGER SELECTION

%

As of December 31	2019	2018	2017
Share of asset managers being PRI signatories or having an ESG policy in place	99	99	99

Table ESG-8

SUSTAINABILITY INVESTMENTS

Proprietary Investments € bn

As of December 31	2019	2018	2017 ⁶
Renewable Energy Investments	7.2	6.8	5.6
thereof: Infrastructure Equity	4.3	3.8	3.7
thereof: Infrastructure Debt	2.9	3.0	1.9
Certified Green Buildings	14.6	13.3	11.4
thereof: Equity Investments	11.7	10.9	8.8
thereof: Debt Investments	2.9	2.4	2.6
Green Bonds	5.6	3.6	2.5
Sustainability bonds	1.0	0.4	n/a
Social bonds	0.8	0.8	n/a
Other	0.2	0.2	0.2
Total	29.4	25.1	19.7

Table ESG-9

RENEWABLE ENERGY INVESTMENTS⁷

As of December 31	2019	2018 ²	2017 ²
Number of wind farms	90	87	78
Number of solar farms	9	8	7
Total number of facilities	99	95	85
Total generating capacity of renewables investments ⁸	GW	1.95	1.92

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Table ESG-10

DIVESTMENT FROM COAL-BASED BUSINESS MODELS

Proprietary Investments € mn

As of December 31	2019	2018	2017
Cumulative action since November 2015			
Fixed income investments to run-off or already disposed	5,942.7	5,706.7	4,800.0
Listed equities divested	340.5	326.5	265.0
Additional action			
Additional fixed income investments to run-off	236.0	906.7	900.0
Additional listed equities divested	14.0	61.5	40.0

Table ESG-11

ESG ENGAGEMENT OVERVIEW

As of December 31	2019	2018	2017 ¹
Number of active engagements	49	12	13

Table ESG-12

ESG ENGAGEMENT BY SECTOR

As of December 31	2019
Oil and Gas	33
Metals and Mining	5
Steel and Cement	4
Chemicals	3
Construction and Engineering	2
Other	2

Table ESG-13

ESG ENGAGEMENT BY REGION

As of December 31	2019
Europe	18
Asia-Pacific	12
North America	15
Emerging Markets	4

Table ESG-14

ESG ENGAGEMENT TOPICS

As of December 31	2019
CO ₂ Emissions and Management	40
Health and Safety	9
Toxic Emissions and Waste	8
Product Safety	3
Biodiversity and Land Use	2
Other	2

Table ESG-15

ESG ENGAGEMENT OUTCOMES

As of December 31	2019
Engagement closed successfully	4
Engagement on-going	44
Engagement closed with restrictions	1

Table ESG-16

SUSTAINABLE INVESTMENTS FOR THIRD-PARTY ASSETS

Third Party Assets € bn

As of December 31		2019	2018	2017
Allianz Global Investors	€ bn	56.1	40.9	14.7
Integrated ESG strategies ²	€ bn	31.0	26.8	n/a
SRI strategies ³	€ bn	23.3	12.3	13.0
Impact strategies ⁴	€ bn	1.8	1.8	1.7
PIMCO ⁵	€ bn	101.6	105.9	117.6
Total		157.7	146.8	132.3

1 2017 data has not been part of the assurance scope.

2 Integrated ESG strategies include material ESG risk concerns into investment analysis and security selection in order to improve risk/return profile with an unconstrained investment universe ('comply or explain') and active stewardship program.

3 SRI strategies are 'best-in-class' strategies that aim at constructing portfolios with superior sustainability credentials in order to generate superior long-term performance.

4 Impact strategies involve investments in order to generate intentional environmental and societal outcomes aligned with SDGs that are measured against specific extra-financial KPIs. For 2019, the figure also includes newly-created category "SDG-aligned / Sustainability-themed", which selects securities whose business largely contribute to positive environmental and societal change towards one or multiple SDGs.

5 Please note that the data for 2017 and 2018 has been restated due to a change in definition of SRI assets at PIMCO.

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06.4 ENVIRONMENTAL PERFORMANCE DATA

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Our reporting on environmental data generally follows the GRI Standards of the Global Reporting Initiative. The Group's carbon footprint is oriented towards the Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard. For data compilation, Allianz further applies the standards developed by the Association of Financial Institutions for Environmental Management and Sustainability (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstitutionen 'VfU') as they are tailored to financial services institutions.

Detailed guidance for environmental data compilation is further defined in internal guidelines for environmental reporting and in the publicly available explanatory notes.

Data in this section is part of the Sustainability in operations (Environmental management) section.

Table ENV-1

EMS COVERAGE

As of December 31	2019	2018	2017	
Share of employees in scope by our environmental management system (EMS)	%	95	94	91

Table ENV-2

GREENHOUSE GAS EMISSIONS

As of December 31	2019	2018	2017	
Scope 1 – Direct GHG emissions	t CO ₂	42,011	46,734	51,838
Scope 2 – Indirect GHG emissions (market-based)	t CO ₂	142,563	159,181	167,888
Scope 2 – Indirect GHG emissions (location-based)	t CO ₂	224,315	239,132	257,488
Scope 3 – Other indirect GHG emissions	t CO ₂	149,459	167,533	159,719 ¹
Scope 1-3, GHG emissions total	t CO₂	334,033	373,448	379,446¹
Total GHG Emissions per employee	t/empl	2.4	2.7	2.7
Overall GHG reduction per employee since 2010	%	-35	-27	-27
Target -30% by 2020				

Table ENV-3

ENERGY CONSUMPTION¹

As of December 31	2019	2018	2017	
Energy consumption from our office buildings	GJ	2,156,963	2,240,060	2,391,123
Energy consumption from our data centers	GJ	379,351	396,338	392,055
Total energy consumption	GJ	2,536,314	2,636,398	2,783,178
Energy consumption from office buildings per employee	GJ/empl	15.3	16.1	17.0
Energy reduction from office buildings per employee since 2010	%	-37	-34	-30
Target -30% by 2020				

Table ENV-4

ENERGY SOURCES

As of December 31	2019	2018	2017	
Electricity	%	70.7	72.2	70.9
Fossil fuels	%	14.0	14.1	16.4
Long-distance heating	%	14.9	13.5	12.4
Other sources (incl. energy from own sources including photovoltaic, internal waste heat)	%	0.3	0.2	0.3

Table ENV-5

RENEWABLE ELECTRICITY

As of December 31	2019	2018	2017	
Renewable electricity	GJ	872,929	859,862	882,222
Renewable electricity as a share of all electricity sources	%	49	45	45
Target 100% by 2023				

¹ We are in the process of consolidating our global data center real estate. The reported energy consumption relates to our strategic data centers in Europe, the U.S. and Singapore. Up to the end of this consolidation program, the energy consumption from some local data centers will be included in the energy consumption reported for office buildings.

DATA AND PERFORMANCE: 06.4 ENVIRONMENTAL PERFORMANCE

Table ENV-6

BUSINESS TRAVEL

As of December 31		2019	2018	2017
Total travel	km	918,693,524	941,564,230	952,221,036
Road travel (incl. rental, fleet, and private cars)	%	34.8	38.3	40.7
Air travel	%	54.8	53.9	51.5
Rail travel	%	10.3	7.9	7.8
Travel per employee	km/empl	6,509	6,749	6,776

Table ENV-7

WATER CONSUMPTION

As of December 31		2019	2018	2017
Total water consumption	m ³	1,883,352	1,830,782	1,940,030
Drinking water	%	91.1	87.6	86.6
Rain water	%	0.4	0.4	0.3
Natural water	%	8.6	12.0	13.1
Water consumption per employee	m ³ /empl	13.3	13.1	13.8

Table ENV-8

WASTE

As of December 31		2019	2018	2017
Total waste	t	19,396	19,575	21,474
Waste Incinerated	%	39.8	40.3	39.5
Waste Recycled	%	40.5	39.9	40.7
Waste to Landfills	%	19.6	19.8	19.4
Special Waste Treatment	%	0.1	0.1	0.3
Waste per employee	kg/empl	137	140	153

Table ENV-9

PAPER CONSUMPTION

As of December 31		2019	2018 ¹	2017 ²
Total paper consumption	t	10,161	12,332	14,866
Recycled Paper	%	40	40	41
FSC-labeled paper	%	59	50	50
Paper consumption per policy	g/policy	76	96	117
Paper reduction since 2014 ³ Target -40% by 2020	%	-53	-41	-28

1 Please note that number of policies in 2018 has been restated, please see our explanatory notes.

2 Please note that the data for paper use, related emissions and number of policies in 2017 have been restated, please see our explanatory notes.

3 Please note that the data for paper use and number of policies in 2014 have been restated, please see our explanatory notes.

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DATA AND PERFORMANCE:

06.5 HUMAN RESOURCES PERFORMANCE DATA

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

Data in this section is part of the Sustainability in operations (Human resources) section. All data is based on core business unless otherwise noted.

Table HR-1

EMPLOYEE OVERVIEW

As of December 31		2019	2018	2017
Total number of employees (core business) ¹		143,642	142,327	140,399
thereof: men	%	48.7	48.8	48.2
thereof: women	%	51.3	51.2	51.8
Total number of employees (core and non-core)		147,268 ²	142,460	140,553

Table HR-2

EMPLOYEES BY REGION³

As of December 31	2019	2018	2017
Germany	38,412	38,089	40,149
France	13,888	14,467	14,893
United States	8,329	8,112	7,996
United Kingdom	9,956	6,540	6,814
Italy	6,289	6,356	6,563
India	6,845	5,969	4,878
Australia	5,470	5,294	5,525
Spain	4,488	4,376	3,556
Brazil	2,720	3,269	3,355
Austria	3,088	3,213	3,410
Other	47,783	46,775	43,414
Total	147,268	142,460	140,553

Table HR-3

EMPLOYMENT RELATIONSHIPS

As of December 31		2019	2018	2017 ⁴
Full-time employees ⁵		120,557	120,167	n/a
	%	86.8	87.3	86.9
thereof: male		64,948	64,313	n/a
	%	53.9	53.5	53.4
thereof: female		55,609	55,854	n/a
	%	46.1	46.5	46.6
Part-time employees ⁵		18,376	17,521	n/a
	%	13.2	12.7	13.1
thereof: male		3,822	3,877	n/a
	%	20.8	22.1	19.8
thereof: female		14,554	13,644	n/a
	%	79.2	77.9	80.2
Trainee ratio ⁶	%	2.3	2.5	2.9
As of December 31		2019	2018⁶	2017⁶
Permanent employees ⁷		132,682	131,198	n/a
	%	92.4	92.2	91.6
thereof: male	%	49.2	n/a	n/a
thereof: female	%	50.8	n/a	n/a
Temporary employees		10,960	11,129	n/a
	%	7.6	7.8	8.4
thereof: male	%	43.0	n/a	n/a
thereof: female	%	57.0	n/a	n/a

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

2 Total contracted headcount number includes acquisition of Liverpool Victoria Insurance in U.K.

3 Total number of employees with an employment contract of all affiliated companies (core and non-core business).

4 Absolute figures were first reported in 2018 as part of the requires for GRI 102-8. Absolute figures for 2017 not available.

5 Based on active headcount.

6 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).

7 Data collection for gender breakdown started in reporting year 2019.

DATA AND PERFORMANCE:
06.5 HUMAN RESOURCES PERFORMANCE DATA

Table HR-3 continued

EMPLOYMENT RELATIONSHIPS

As of December 31	2019	2018	2017 ¹
Permanent employees	132,682	131,198	
Asia-Pacific	17,036	15,951	
Eastern Europe	8,223	8,877	
Germany	40,027	38,970	
Middle East & Africa	4,659	3,567	
North America	8,702	8,543	
Rest of Western Europe	51,588	52,796	
South America	2,447	2,494	
Temporary employees	10,960	11,129	
Asia-Pacific	1,652	1,480	
Eastern Europe	526	526	
Germany	3,174	3,163	
Middle East & Africa	1,393	1,288	
North America	37	38	
Rest of Western Europe	4,123	4,595	
South America	55	39	

Table HR-4

AGE STRUCTURE

% of employees		2019	2018	2017
As of December 31				
All employees (core business)				
% of 24 or under		7.0	7.2	7.2
% of 25-34		28.1	28.0	27.2
% of 35-44		27.0	26.9	27.1
% of 45-54		24.0	24.4	25.0
% of 55-64		13.3	12.9	12.9
% of 65 or over		0.6	0.6	0.6
Average age	years	40.6	40.6	40.8
Allianz SE Board of Management ²				
% of below 30		0.0		
% of 30-50		30.0		
% of above 50		70.0		

1 Data collection started in reporting year 2019.

2 Board members include only the Board of Management of Allianz SE.

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Table HR-5

EMPLOYEE TURNOVER

%

As of December 31	2019	2018	2017
Employee turnover rate	16.5	16.6	14.1
Turnover rate (men)	16.3	15.8	13.1
Turnover rate (women)	16.4	16.9	15.1
Turnover rate by region			
Asia-Pacific	24.2	26.7	24.8
Eastern Europe	19.9	21.9	22.6
Germany	7.8	7.4	5.9
Middle East & Africa	26.6	24.7	13.9
North America	13.3	12.0	13.7
Rest of Europe	19.5	19.4	15.8
South America	15.8	23.3	14.2

Table HR-6

EMPLOYEE RECRUITMENT

As of December 31		2019	2018	2017
Total recruitment (external and internal)		24,829	24,702	21,890
Total recruitment (share of men)	%	49.7	48.4	47.3
Total recruitment (share of women)	%	50.3	51.6	52.7
Total recruitment by region				
Asia-Pacific	%	28.7	29.6	25.3
Eastern Europe	%	12.7	15.0	12.7
Germany	%	10.0	8.9	8.6
Middle East & Africa	%	33.0	37.0	23.6
North America	%	15.4	15.4	13.4
Rest of Europe	%	19.1	20.2	18.8
South America	%	14.4	13.4	12.8

Table HR-7

DIVERSITY

% of total employees (core business)

As of December 31		2019	2018	2017
Women in Allianz SE Board of Management ¹	%	20.0	n/a	n/a
Women in executive positions ²	%	29.9	28.9	27.7
Female managers ³	%	37.9	37.8	37.6
Share of women in core business	%	51.3	51.2	51.8
Number of nationalities represented in executive positions ⁴		64	54	54

Table HR-8

SICKNESS-RELATED ABSENTEEISM

average days per employee

As of December 31	2019	2018	2017
Overall average	8.1	8.4	8.4
Average days by region			
Asia-Pacific	3.9	4.0	4.4
Germany	11.5	12.3	12.3
Middle East and Africa	3.6	3.2	2.4
Eastern Europe	6.8	7.0	7.6
North America	2.0	1.9	2.1
South America	3.0	3.1	3.0
Rest of Europe	8.6	8.6	8.3

Table HR-9

TOTAL ABSENTEEISM

As of December 31		2019	2018	2017
Total absenteeism lost days	days	1,110,895	1,134,910	1,141,720
Absenteeism - coverage of employees	%	100	100	100

1 Data collection started in reporting year 2019.

2 Includes women in all executive positions below the Board of Management.

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 below the Board of Management.

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Table HR-10

EMPLOYEE TRAINING

As of December 31		2019	2018	2017
Total expenses for employee training	€ mn	84.7	87.7	90.8
Training expenses per employee	€	613	646	670
Average training days	days	3.3	3.0	3.0
Staff	days	3.2	3.0	3.0
Managers	days	3.4	3.1	3.1
Employees undergoing at least one training session	%	75.2	69.9	70.9
Staff	%	73.5	68.6	69.6
Managers	%	84.8	78.5	79.8

Table HR-11

ALLIANZ ENGAGEMENT SURVEY

		2019	2018	2017
Number of employees invited to participate in the Allianz Engagement Survey (AES)		123,505	121,913	122,282
Number of OEs invited to participate in the AES		62	56	60
AES Participation rate	%	84	81	84
Work Well Index (used until 2018) ¹	%	n/a	66	66
Work Well Index (used since 2019)	%	66	64	n/a
Employee Engagement Index	%	72	70	72
Inclusive Meritocracy Index (IMIX)	%	73	71	72

¹ The WWI+ was introduced in the fall of 2018 and replaced the WWI for 2019 AES.

06.6 ADDITIONAL SUSTAINABILITY PERFORMANCE DATA

This section contains data related to the other sustainability-related performance indicators of Allianz Group.

Table TAX-1

INCOME TAXES BY REGION

€ mn

As of December 31	2019	2018	2017
Americas	414	513	883
Asia-Pacific	204	190	171
Europe	2,138	1,976	1,864
Other	20	17	22
Total	2,776	2,696	2,941

Table CC-1

CORPORATE CHARITABLE DONATIONS¹

€ mn

As of December 31		2019	2018	2017
Corporate giving total (Cash contributions)	€ mn	24.2	25.8	20.0

Table CC-2

CORPORATE VOLUNTEERING²

hours

As of December 31		2019	2018	2017
Volunteering hours	hours	115,057	77,268	80,435

Table CS-1

CUSTOMER SATISFACTION

%

As of December 31		2019	2018	2017
Net Promoter Score (NPS) greater than local market average or loyalty leadership in their market	%	70	74	60

¹ Our current data collection process does not allow for a complete tracking of donations data. Donations included are subject to data availability.

² Our current data collection process does not allow for a complete tracking of volunteering hours. Volunteering hours included are subject to data availability.

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06.7 REPORTING PARAMETERS, SCOPE AND MATERIALITY

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Reflecting our ambition of being the most trusted financial institution, we reflect our values of integrity, competence and resilience in our reporting. We continue with our focus on reporting online, cross-linking to the sustainability section of our website, the People Fact Book, the Tax Transparency Report, and our [Annual Report](#), offering further extra financial information.

Content of the report is focused on the key requirements of our stakeholders and sustainability rating and benchmarking providers. The primary target audience of the content of this report are rating providers, analysts, investors and NGOs. Furthermore, this report contains key insights for our other stakeholder groups such as customers and employees. This report makes links to other documents, disclosing our approach and reporting on our progress.

Our Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards – core option.

The GRI Content Index, available as an appendix to this report is accessible through our website.

MATERIAL TOPICS AND ASPECTS

The key topics to be included in Allianz's Sustainability Report were shaped by our materiality analysis, which satisfies the GRI Principles for Defining Report content (sustainability context, materiality, completeness, and stakeholder inclusiveness). To ensure alignment with GRI Standards, we mapped the outcomes of our stakeholder consultation and materiality assessment with our solutions to the GRI Standards topics. Based on the material issues identified by our materiality analysis, we have mapped the issues to GRI disclosures and identified the upstream and downstream boundaries (see disclosure 103–1 for each material topic in the GRI Content Index).

Detailed references to our approach to each of these disclosures can be found in the GRI Content Index.

GRI STANDARDS DISCLOSURES AND TOPICS	MATERIAL TOPIC ¹	LEVEL OF MATERIALITY FOR STAKEHOLDERS AND/OR REPORT USERS
GRI 102 (General Disclosures)	Materiality processes	•••
	Ethics	••
	Sustainable and responsible supply chains	•
	CR strategy, approach and governance	•••
	Sustainability data, KPIs and targets	•••
GRI 205 (Anti-corruption) GRI 206 (Anti-competitive Behavior)	Ethics	••
	Environment (including environmental management and renewables)	••••
GRI 301 (Materials) GRI 302 (Energy) GRI 303 (Water and Effluents) GRI 305 (Emissions)	Responsible treatment/engagement employees	•••
	Employees and workplace	•••
GRI 401 (Employment) GRI 403 (Occupational Health and Safety) GRI 404 (Training and Education) GRI 405 (Diversity and Equal Opportunity)	Employees and workplace	•••
	Employees and workplace	•••
GRI 408 (Child Labor) GRI 409 (Forced or Compulsory Labor) GRI 412 (Human Rights Assessment)	Employees and workplace	•••
	Diversity and equal opportunities	••
GRI 405 (Diversity and Equal Opportunity) GRI 408 (Child Labor) GRI 409 (Forced or Compulsory Labor) GRI 412 (Human Rights Assessment)	Sustainable and responsible supply chains	•
	Human rights	•••
GRI 415 (Public Policy) GRI 417 (Marketing and Labeling) GRI 418 (Customer Privacy)	Environmental and social products (integrating ESG in insurance and investments)	••••
	Public policy positions and engagement	•
GRI 415 (Public Policy) GRI 417 (Marketing and Labeling) GRI 418 (Customer Privacy)	Social and political unrest	••
	Customer satisfaction	••
GRI 415 (Public Policy) GRI 417 (Marketing and Labeling) GRI 418 (Customer Privacy)	Data Privacy	••

¹ Based on the outcomes of our strategic and reporting materiality analyzes.

DATA AND PERFORMANCE: 06.7 REPORTING PARAMETERS, SCOPE AND MATERIALITY

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In addition to our strategic materiality assessment, we furthermore include topics of interest to our main audiences as determined through our reporting content assessment. The level of materiality score is based on the underlying data of the respective assessments.

SCOPE OF REPORTING

Our 2019 Sustainability Report relates to the entire Allianz Group. All measures, activities and key figures refer to the 2019 fiscal year (01 January 2019 to 31 December 2019), unless otherwise stated. This is our 19th annual Sustainability Report. Unless otherwise stated, we take operational control as the boundary for reporting. An increasing number of Allianz subsidiaries now publish their own sustainability reports, which are available for download on our website.

In addition to the material topics matched to the GRI topics, we have identified and reported on the following topics in the report.

ADDITIONAL DISCLOSURES AND TOPICS	MATERIAL TOPIC ¹	REFERENCE	LEVEL OF MATERIALITY FOR STAKEHOLDERS AND/OR REPORT USERS
Core Business	Customer innovation	SR, p. 17	•••
	Natural disasters	SR, p. 26	•••
	Cyber risks	SR, p. 27	••
	Safety risks	SR, p. 12; 54	••
	Tackling safety issues for our customers	SR, p. 12; 54	••
	Demographic change	AR, p. 66; 77	•
	Health	SR, p. 50	•
Customer Satisfaction	Customer innovation	SR, p. 17	•••
	Ensuring fair treatment of claims and customers	SR, p. 54	••
ESG Opportunities Management	Climate change	SR, p. 9; 24; 67-72	••••
	Environmental and social products (sustainable insurance and asset management products; sustainable and responsible investing)	SR, p. 29-40	••••
ESG Risk Management	Natural catastrophes and disaster response	SR, p. 25; 26; 74	••
	Climate change	SR, p. 9; 24; 67-72	••••
	Environmental and social products (integrating ESG in insurance and investments)	SR, p. 12; 22-23; 29-32; 34	••••
	Human rights	SR, p. 12; 22; 32; 40; 60	•••
	Natural catastrophes and disaster response	SR, p. 25; 26; 74	••
	Animal welfare standards	SR, p. 12	•

1 Based on the outcomes of our strategic and reporting materiality analyzes.

DATA AND PERFORMANCE:

06.8 INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON SUSTAINABILITY INFORMATION

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TO ALLIANZ SE, MUNICH

We have performed a limited assurance engagement on the disclosures in the Sustainability Report of Allianz SE, Munich (hereinafter: "the Company"), for the period from 1 January to 31 December 2019 (hereinafter: "Report").

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: "GRI-Criteria").

This responsibility of Company's executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der

Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the disclosures in the Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform any procedures on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January to 31 December 2019 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained.

The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement.
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report.
- Performance of site visits on a sample basis as part of the inspection of processes for collecting, controlling, analyzing and aggregating selected data.
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria.
- Analytical evaluation of selected disclosures in the Report.
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the management report.
- Evaluation of the presentation of the selected disclosures regarding sustainability performance.

ASSURANCE CONCLUSION

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Company's Report for the period from 1 January to 31 December 2019 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

INTENDED USE OF THE ASSURANCE REPORT

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Munich, 22 April 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)

ppa. Annette Daschner

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We would like to thank all of our colleagues
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Cautionary note regarding forward-looking statements

The statements contained herein may include
statement 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 statement.
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:

corporate.responsibility@allianz.com



For more information on key Human Resources facts and
figures, achievements in 2019 and an outlook for 2020,
see the Allianz People Fact Book 2019.

[Click here to view the GRI Content Index.](#)

[Click here to view the Explanatory Notes.](#)



For more information on Allianz Group,
see the Annual Report 2019.

Allianz SE

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