

# UNEP-FI Principles for Sustainable Insurance

SEPTEMBER 2020

In early 2014, Allianz became a signatory to the United Nations Environment Programme Finance Initiative (UNEP-FI) Principles for Sustainable Insurance (PSI). This insurance industry initiative encourages an industry-wide commitment to ESG integration and works with industry partners to accelerate positive action.

We aim to contribute to the initiative as a leading global insurer and to encourage others in the insurance industry to develop their approach to ESG issues further. We believe that the insurance industry can play a more valuable role to economies and society by extending analysis and understanding of risk, and our skills in risk management, to cover ESG issues.

As a signatory to the PSI, Allianz is required to make an annual disclosure of the progress we have made in implementing the Principles. The key actions undertaken during the past year are summarized below, and referenced in other areas of the Sustainability Report where appropriate. This is our sixth annual disclosure of progress.

## Principle 1

We will embed in our decision-making environmental, social and governance (ESG) issues relevant to our insurance business

- During 2019, Allianz continued to implement our ESG management and screening system. We conducted an annual review of our sensitive countries and human rights risks, which complements our existing ESG sensitive business guidelines.
- Training continued to be rolled out to underwriting functions and be engaged in a cross-functional working group. Full information on our ESG approach is available in our ESG Integration Framework.
- During 2019, Allianz assessed a wide range of business transactions for ESG considerations across our sensitive business areas. Overall, 602 transactions were reviewed across our insurance and investment business. 53.3% of transactions were approved, 38.7% were given conditional approval subject to further information or mitigating actions being taken and 8% were declined.<sup>1</sup> See [link](#) for more information.

## Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance (ESG) issues, manage risks and develop solutions

- As part of our ESG screening process, Allianz engaged with a wide range of clients in 2019. This has been for the purpose of obtaining further information on client approaches to ESG where needed, or developing a joint plan of action. Allianz performs an ongoing monitoring prior to renewal of its customers contracts, which in some cases requires more information from the customer on specific ESG criteria. This process allows for an active engagement with the customer, having a high impact on improving ESG implementation and performance.
- As part of the PSI initiative, Allianz has co-led the development of an industry wide guidance on ESG risks in non-life insurance. The [multi-stakeholder collaboration](#) launched a global survey in 10 languages to engage widely on how to shape the future guidance on ESG for the industry. During 2019, Allianz co-hosted a PSI event in Munich to facilitate this process and launched the draft guidance for consultation (see link above). Also in 2019, Allianz began working with PSI and 21 other insurance companies on developing new approaches on risk assessment tools designed to enable the insurance industry to better understand the impacts of climate change scenarios on the insurance business. Initial results are expected by the end of 2020.
- We offer a range of sustainable solutions that support the transition to a low-carbon economy, protect the environment and help customers prepare for the negative effects of

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<sup>1</sup> Transactions declined for ESG reasons or as part of the overall risk evaluation.

climate change and mitigate associated risks. At the end of 2019, we offered 203 sustainable solutions, ranging from asset management to insurance and services. See [link](#) for more information.

- Allianz provides our clients and business partners with ESG expertise and insights contributing to better decision making. Our research contributes to the overall awareness raising of ESG risks and opportunities that may not have been fully explored.

## Principle 3

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance (ESG) issues

- As part of our ESG process, Allianz conducts an annual engagement dialogue with a range of leading NGOs. This provides the opportunity to discuss issues of concern to the NGOs, present Allianz's progress in the field of ESG and provide a platform for open dialogue. Allianz recently announced our long-term plan for exiting coal based insurance, which we began revising in 2019 and published in April 2020. More details can be found in the Allianz Statement on coal-based business models.
- Details on our commitment against [illegal fishing](#), support to [World Heritage Sites](#) and more can be found on the provided links or on our company [website](#).
- We engage in regular discussions with political, academic and societal circles on fundamental developments that have a strategic impact on the company's business. We are also in constant dialogue with our stakeholders who are furthering public awareness and understanding of ESG across society. In 2019, Allianz hosted on behalf of the PSI an annual market event for a wide range of industry stakeholders to hear expert speakers and engage in shaping the PSI strategy and to launch the ESG in underwriting consultation draft.
- We continue to work towards our long-term climate strategy and targets which are publicly available with our Anticipate, Care and Enable program.

## Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles

- For additional background information that supports our compliance with the Principles for Sustainable Insurance, see Allianz's Sustainability Report 2019 and visit the UNEP-FI PSI website. This progress report provides our sixth annual disclosure update.