

# PRINCIPLES FOR SUSTAINABLE INSURANCE

OCTOBER 2021

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 seventh annual disclosure of progress.

## PRINCIPLE ONE

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

- During 2020, 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. In 2020, we launched an updated training module to support our underwriters in understanding and identifying ESG risks. Full information on our ESG approach is available in our ESG Integration Framework. Our ESG Integration Framework was updated over the course of 2020 and published in 2021. It now includes more information on how we integrate Human Rights in our insurance, investments, operations and procurement procedures.
- During 2020, Allianz assessed a wide range of business transactions for ESG considerations across our sensitive business areas. Overall, 597 transactions were reviewed across our insurance and investment business. 60.5% of transactions were approved, 31.8% were given

conditional approval subject to further information or mitigating actions being taken and 7,7% were declined<sup>1</sup>.

- See link for more information.

## PRINCIPLE TWO

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

- As part of our ESG screening process, Allianz engaged with a wide range of clients in 2020. 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 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 active engagement with the customer, having a high impact on improving ESG implementation and performance.
- As part of the PSI initiative, Allianz co-led a project through 2019 and 2020 to publish the first global guide and industry standard on integrating ESG risks into insurance underwriting. The aim was to highlight the benefits of integrating ESG into insurance business models. We engaged with insurers, reinsurers, brokers, academics and regulators to identify the ESG risks that are most material to different insurance lines. The guide was published in June 2020 and can be found [here](#).
- In 2020, we continued our work with PSI and 21 other insurance companies on an insurance industry approach to implement the TCFD requirements. Together, we published the first guidance on how to analyze the impact of climate scenarios for different types of insurance products. The final product was published in 2021 and is available [here](#).
- 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 climate change and mitigate associated risks. At the end of 2020, we offered 232 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 THREE

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. In 2018, we announced our long-term plan for exiting coal based insurance, which was revised in 2020, and then strengthened in 2021. More details can be found in the Allianz Statement on the coal-based business models.
- Details on our commitment against [illegal fishing](#), support for [World Heritage Sites](#) and more can be found on the provided links or on our [website](#).

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

- 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.
- We continue to work towards our long-term climate strategy and targets which are publicly available with our Anticipate, Care and Enable program.

#### **PRINCIPLE FOUR**

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 Sustainability Report 2020 and visit the UNEP-FI PSI website. This progress report provides our seventh annual disclosure update.