

# PRINCIPLES FOR SUSTAINABLE INSURANCE

NOVEMBER 2022

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 eighth annual disclosure of progress.

## PRINCIPLE ONE

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

- During 2021, 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.
- We continued to roll out training and to engage with our underwriting functions in order to support underwriters in understanding and identifying ESG risks. Full information on our ESG approach is available in our ESG Integration Framework. A new version of which was updated and published 2021. It now includes more information on how we integrate Human Rights in our insurance, investments, operations and procurement procedures.
- During 2021, Allianz assessed a wide range of business transactions for ESG considerations across our sensitive business areas. Overall, 1,447 transactions were reviewed across our insurance and investment business. 80.6% of transactions were approved, 14.0% were given conditional approval subject to further information or mitigating actions being taken and 5.4% were declined<sup>1</sup>.

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

In 2020, we initiated a pilot to enhance our due diligence for Director & Officers (D&O) insurance. In 2021, this resulted in the addition of an ESG D&O Risk Score and other significant ESG KPIs to our underwriting due diligence for D&O coverages.

### **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 2021. 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.
- In July 2021, Allianz joined forces with seven other leading insurers to form the U.N.-convened Net-Zero Insurance Alliance (NZIA). The first of its kind net-zero network for the underwriting business was launched alongside the G20 summit, underlining the importance of cooperation between leading governments and companies to mitigate the risks of climate change. Cross-industry and international partnerships are seen as important levers for tackling global challenges.
- 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 2021, we offered 339 sustainable solutions, ranging from asset management to insurance and services. See [link](#) for more information.
- To support the most vulnerable to climate change, we actively support the InsuResilience Global Partnership's goal to provide climate risk insurance for up to 500 million people in most vulnerable developing countries by 2025. As one part of this, Allianz and Swiss Re are co-leading a project to develop a sovereign disaster risk insurance solution for Ghana with support by the local UNDP office. For this project we applied for co-funding from ISF in 2021. At the end of the year, we received a conditional grant approval. In 2022, we will formally launch the project.
- 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.

- In 2021, we widened our decarbonization efforts by announcing that we will no longer provide insurance for dedicated oil sands projects and new oil sands pipelines, or to companies deriving more than 20 percent of their revenue from oil sands. The details of which can be found in our statement on oil sands.
- 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](#).
- 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, which can be found [here](#)

#### **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 2021 and visit the UNEP-FI PSI website. This progress report provides our eighth annual disclosure update.