

Statement on oil and gas business models

Version	Valid from	Classification
2025	October 10 2025	Public

Responsible	Allianz SE Global Sustainability
Area of Application	Allianz proprietary investments and P&C commercial underwriting as well as facultative P&C re-insurance

A Rationale

Countries face urgent, critical choices in their energy strategies amid heightened geopolitical tension and a rapidly warming climate. In the face of this energy crisis, immediate and impactful measures are necessary to increase energy efficiency and deploy renewable energy sources at scale and speed.

The world is heating fast and is experiencing more severe natural catastrophes like storms, floods, heat waves and wildfires. According to the Intergovernmental Panel on Climate Change (IPCC) immediate and impactful climate action is needed to limit global warming to 1.5°C: “Unless there are immediate and deep emissions reductions across all sectors, 1.5°C is beyond reach.” If we continue burning fossil fuels like we do today, the needed reduction will be even more drastic in the years to come.

As a global leading insurer and large investor of capital on behalf of our policyholders, we are experts in risk management and our products help secure our clients futures. Business and society face existential threats from climate change in a 3°C world. As society and business community we must manage this risk by mitigating climate change.

The action is needed now.

To limit global warming to 1.5°C with reasonable probability of success, a complete overhaul of our economy is needed. At the heart of it is the transition away from fossil fuels to renewable energy (see annex 1 for research from Allianz). This was also emphasized by the recent communication of the European Union to speed up the transition to renewable energy¹. Prompt and well-managed transition plans need to be urgently developed by all players: financial institutions, corporates, governments. Society must not lock in new energy infrastructure that is later made obsolete to meet the climate goals. New energy spending needs to be justified within a scientifically acceptable 1.5°C climate pathways. This will give us a chance for a controlled reduction of emissions in an orderly transition, before the climate crisis grows too large, resulting in a potential disruptive transition with irreversible environmental and social consequences.

Parts of the financial sector are united under one commitment to drive transition towards a 1.5°C world along no / low overshoot pathways, as members of UN-convened Net-Zero Asset Owner Alliance (NZAOA). These commitments are now being translated into targets and plans with the aim to drive real-world outcomes. NZAOA members have already set 2025 and 2030 greenhouse gas (GHG) reduction targets². The financial community is together empowering other stakeholders around the world to take decisive action to address climate change.

On the pathway towards 1.5°C-aligned economy, the oil and gas sector is one of the most exposed sectors in need for change and action now. This requires companies within this sector setting their strategic plans to be resilient in the face of rapid demand reduction for fossil fuels. As also stipulated by the Climate Action 100+ Net-Zero Company Benchmark this necessitates anticipation and alignment of all business activities with a demand scenario in line with 1.5°C: production expectations and capital expenditures as well as corresponding short- and mid-term emission targets across all scopes and segments of the business. In addition, companies should voice this support to clients, policy makers³, industry associations and other stakeholders.

¹ Factsheet - REPowerEU (europa.eu)

² Target Setting Protocol Fourth Edition – United Nations Environment – Finance Initiative ([unepfi.org](https://www.unepfi.org))

³ This was also emphasized by the Net-Zero Asset Owner Alliance letter to companies in portfolio holdings in 2020: [AOA_Engagement.pdf \(unepfi.org\)](#)

The world will only meet its climate goals if governments follow through on the Paris Agreement with swift, stable and reliable policies and regulations. Policymakers have started translating their commitments to the Paris Agreement into a range of legislation. This includes for example:

- sectoral transition plans (like the EU Fit for 55 Package)
- channeling financial flows into sustainable investments (like EU's Sustainable Finance framework) - including corporate governance (like EU proposal for a Corporate Sustainability Due Diligence Directive CSDDD)
- reporting (like the EU Corporate Sustainability Reporting Directive CSRD).

As part of the CSDDD and CSRD proposals, the companies in scope will need to adopt a plan to ensure that business model and strategy are aligned with 1.5°C and publicly report on it, respectively.

Further action, however, is needed from national governments to close the, still wide, ambition gap by setting nationally determined contributions (NDCs) and country pathways in line with 1.5°C⁴, complemented by policy and regulatory incentives on sectoral and cross-sectoral level, like mandatory climate disclosures, effective carbon pricing instruments as part of a policy mix of implicit and explicit pricing instruments – and phasing out of contradicting policies like fossil fuel subsidies⁵, ensuring the implementation in a socially just manner.

For the long-term success of our global economy and society, the actions of businesses and financial institutions that have set 1.5°C commitments need to be matched by governments and regulators.

B Scope of restriction

Science⁶ and the IEA⁷ show that any exploration or development of new oil and gas fields, as well as use of unconventional practices are not only harmful for environment but also neither needed in 1.5°C pathways, nor economically likely.

For above reasons, Allianz has decided on the following approach for our proprietary investment portfolio as well as property and casualty (P&C) commercial insurance⁸.

⁴ As set out, for instance, by the Net-Zero Asset Owner Alliance here: [Net-Zero Asset Owner Alliance position on the Coronavirus Recovery – United Nations Environment – Finance Initiative \(unepfi.org\)](#)

⁵ as set out, for instance, by the Net-Zero Asset Owner Alliance here: [Discussion Paper on Governmental Carbon Pricing – United Nations Environment – Finance Initiative \(unepfi.org\)](#)

⁶ IPCC 6th Assessment Report WG3 released April 2022. [One Earth Climate Model](#) by University of Technology Sydney.

⁷ [Net Zero by 2050 – Analysis - IEA](#)

⁸ Direct insurance clients incl. facultative insurance.

RESTRICTIONS FOR PROJECT FINANCE AND SINGLE-SITE/STAND-ALONE P&C INSURANCE

Since 1st of January 2023 we do not issue new single-site/stand-alone P&C commercial insurance policies/coverages and not provide new funding for projects in:

- exploration and development of new oil and new gas⁹ fields (upstream)¹⁰,
- construction of new midstream infrastructure related to oil¹¹,
- construction of new oil power plants,
- practices relating to Arctic (as defined by AMAP¹², excluding operations in Norwegian territories) and Antarctic, coal-bed methane, extra-heavy oil and oil sands, as well as ultra-deep sea¹³. This pertains to both new and existing projects/operations.

Since 1st of July 2023, we also do not renew single-site/stand-alone policies/coverages for elements above.

COMPANY RESTRICTIONS

To align decision making and long-term ambition, since 1st of January 2025 we expect a commitment to net-zero GHG by 2050, in alignment with science-based 1.5°C pathways, across all three GHG emissions scopes¹⁴ for the companies with the largest hydrocarbon production (i.e., above 60 million barrels of oil equivalent production in 2020), which are estimated to represent approximately 85% of the hydrocarbon production of the O&G industry.¹⁵ We will use credible, independent third-party sources¹⁶, where available, for assessing the commitment.

The companies should ideally in addition align their operations and disclosure to the Climate Action 100+ Net-Zero Company Benchmark requirements, most notably the alignment of capital expenditures and corporate lobbying.

SUPPORT OF LOW-CARBON SOLUTIONS

As we envisage a transition away from fossil fuels, renewable energy and other low-carbon solutions need to be scaled up drastically to limit global warming. To support this, we are allowing **low-carbon solutions projects** of all companies. Furthermore, Allianz allows P&C commercial insurance for and direct investments in subsidiaries of companies otherwise restricted under our fossil fuel statements, provided such subsidiaries are primarily focused on low-carbon solutions. Our approach for this is explained in our [Statement on Low-carbon Solutions](#).

Notes: The approach outlined above remains subject to regular review to reflect developments in regulatory matters, and climate science and policies. This statement complements the existing sustainability due diligence approach as described in the Allianz Standard for Integration of Sustainability¹⁷.

⁹ In special cases the Group Sustainability Board can decide on exceptions on new upstream gas fields in case a government decides on the development of a new gas field for energy security emergency reasons. This rule will be reviewed annually.

¹⁰ New fields are defined as fields which have not been producing by the end of 2022.

¹¹ New midstream and power plants are defined as projects which have not finished construction and entered operation by the end of 2022. This includes new stand-alone assets (e.g., a new oil storage tank, a new oil power plant block) within an existing complex.

¹² [Definitions of the Arctic region | AMAP](#)

¹³ i.e., 1500 meters below water surface

¹⁴ As defined by the Greenhouse Gas Protocol

¹⁵ With predominant business activities in oil and gas except non-energy / petrochemical

¹⁶ For example, Transition Pathway Initiative, Climate Action 100+ Net-Zero Company Benchmark.

¹⁷ For detailed information, refer to the [Allianz Group Annual Report](#).

Previous versions

Version	Milestone
April 2022	Inaugural statement
February 2023	Updated renewable / low-carbon energy approach
October 2025	Updated low-carbon solutions approach

ANNEX 1

Allianz Research – Justle the Colossal Fossil: A Pathway to the Energy Sector Transition (December 2021)

Summary: The EU faces an implementation gap of six years in cutting greenhouse gas emissions from the energy sector by 2030. Decarbonizing the energy sector is crucial to achieve the net-zero target as nearly three-quarters of the EU's total greenhouse gas emissions originate from the production and use of energy, notably from fossil fuels such as coal, oil and gas.

Allianz Research – The EU Utility Transition: A Pathway Powered by Solar and Wind (November 2021)

Summary: The utilities sector is a key focus area if climate neutrality is to be reached by 2050: electricity demand is increasing and will reach record highs, driven by transportation and industries where the electrification rate is projected to rise from 30% to 60% by 2030.

Allianz Research – Transport in a Zero Carbon EU: Pathways and Opportunities (November 2021)

Summary: The transportation sector, including domestic transport, international shipping and aviation, accounts for almost 30% of the EU's annual carbon emissions. Comparing transport emissions pathway proposed by the EU with science-based sector pathways, we find that the EU could face an implementation gap of up to 14 years, and around EUR75bn of investment would be needed per year until 2030 to achieve its aspirations to limit global warming to 1.5°C.

For latest insights and sustainability research, please visit [Allianz.com](https://www.allianz.com).