

Munich, September 11, 2020

Allianz Group's long-term climate strategy

Dear ladies and gentlemen,

Thank you for your letter.

As a leading insurer and investor, Allianz is strongly engaged in supporting the transition to a net-zero economy. This is why we publicly committed in 2018 to set ourselves long-term emissions reduction targets for our proprietary investment portfolio and our business operations in line with the goals of the Paris Climate Agreement. To this end, we joined the Science Based Targets initiative (SBTi). Most importantly, we plan to steer our investment portfolio to have net-zero greenhouse gas emissions latest by 2050.

To drive climate engagement within the financial sector on a global scale, we joined the UN-convened Net-Zero Asset Owner Alliance from its start in September 2019. In the Alliance, we are working together with other large asset owners to set five-year decarbonization targets for our investment portfolios, engaging with portfolio companies and advocating for an economy-wide transition to a net-zero economy. This is one of the main ways we can leverage our influence to tackle the challenge of a changing climate and this commitment will continue to guide our decisions and actions moving forward.

Reaching the Paris Climate goals requires wide-ranging decarbonization efforts across markets and industries. By actively engaging with companies and governments to have them set measurable and transparent climate targets in line with the Paris Climate Agreement, we aim to not only reduce carbon emissions in our portfolio but achieve real-economy emission reductions. Our participation in the Transition Pathway Initiative, the collaborative engagement initiative Climate Action 100+, as well as the Principles for Responsible Investment (PRI) connects us with like-minded investors and offers platforms for collaborative engagement.¹

The responses of governments to the economic turbulences following the COVID-19 crisis are critical not only to support people and companies in need but also to set the course for a net-zero future. Therefore, we have been actively advocating for green economic recovery packages. Examples are the joint [op-ed](#) of Nick Robins, professor at the London School of Economics and our Board member Günther Thallinger and the latter's attendance at the Petersberg Climate Dialogue in April 2020 or the Net-zero Asset Owner Alliance's [position paper](#).

Further, and as per previous letters, you are fully aware of our far-reaching measures to exclude coal-based business models and a public commitment to fully phase out remaining coal exposures across our Property & Casualty (P&C) portfolios and proprietary investments by 2040 the latest. In April 2020, we have updated [our statement on coal-based business models](#) to provide further details on our ambitious approach. Our relative thresholds are now linked to IPCC's 1.5°C scenarios. For the further restriction of companies involved in coal-based business models, we expanded the criteria for our P&C insurance portfolios.

¹ In addition, Allianz Global Investors exercises Allianz Group's voting rights. AllianzGI's voting record can be accessed here: <https://us.allianzai.com/en-us/allianz-global-investors-proxy-policies-and-voting-records>. 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.



For the underwriting of, and investments in projects that are not covered under current restrictions, we apply a case-by-case assessment against an established set of Environmental, Social and Governance (ESG) criteria² – this is also the case for projects in the oil & gas sector. For confidentiality reasons, the details of these assessments and further sector-specific restrictions remain internal to Allianz. Furthermore, we are engaging our clients and investees to develop decarbonization strategies in line with the 1.5°C ambition of the Paris Climate Agreement.

As part of the UN-convened Net-Zero Asset Owner Alliance, we will communicate intermediate emission reduction targets for 2025 in the upcoming six months. These will also include sector-level targets, and we will report publicly on the progress and actions we take to meet these targets.

For more details, please see [our 2019 Sustainability Report](#).

Sincerely,
Your Group Corporate Responsibility Department, Allianz SE

² For more information see the [Allianz ESG Integration Framework](#).