

UNEP-FI

Principles for Sustainable Insurance

Public Disclosure of Progress 2016

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 third 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 2016, 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 sensitive business guidelines. Training continued to be rolled out to underwriting functions and be engaged in a cross-functional working group. See [link](#) for more information.
- During 2016, Allianz assessed a wide range of business transactions for ESG considerations across our sensitive business areas. Overall, 508 transactions were reviewed across our insurance and investment business. 47.2% of the transactions were approved, 49.4% were given conditional approval subject to further information or mitigating actions being taken and 3.3% were declined.¹ 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 risk and develop solutions

- As part of our ESG screening process, Allianz engaged with a wide range of clients in 2016. This has been for the purpose of obtaining further information on client approaches to ESG where needed, or developing a joint plan of action.
- As part of the PSI initiative, Allianz participated as a core member of the project team for ESG integration in Surety Bonds. Together with Munich Re, the International Finance Corporation (IFC) and other stakeholders, Allianz will leveraged the experience of our subsidiary, Euler Hermes, who is the leading trade credit insurer. Collaboratively, the project team developed and conducted a survey of surety underwriters to understand their views on ESG issues.
- We offer a range of green 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 2016 we offered 156 green solutions, ranging from asset management to insurance and services. See [link](#) for more information.

1) Transactions declined for ESG reasons or as part of the overall risk evaluation.

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. See [link](#) for more information.
- 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 2016, 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 for 2017 and beyond.
- Allianz announced our divestment from a range of coal-based investments and the launch of our ESG screening process for proprietary assets. 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 Sustainability Report 2016 and visit the UNEP-FI PSI website. This progress report provides our third annual disclosure update.