



IN LINE WITH THE REPORTING REQUIREMENTS FOR  
THE CLIMATE COMMITMENT FINANCIAL SECTOR

# Allianz Benelux Climate Impact Report 2021



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# 01 Introduction

## Foreword

With 126 million customers in over 70 countries, Allianz is one of the largest financial services providers in the world. In the Netherlands, Allianz serves over 1.3 million customers with the help of distribution partners and the direct writer, Allianz Direct. Our purpose, 'We secure your future', expresses why we exist. It underscores the impact Allianz has on society by taking uncertainty out of the equation and driving change in the right direction.

Our purpose is not just about providing financial security. 'We secure your future' also means that sustainability in all its dimensions is one of our top priorities. We believe that sustainability and inclusivity are the best way to realize our potential for growth and value creation. And at the same time, contribute to a more sustainable future for the world and the societies in which we live and work. This means tackling climate change, contributing to society in positive ways, managing our potential negative impacts and being transparent about how we do business.

We have shown our commitment to climate change by contributing to the Paris Agreement. In the Netherlands we also have signed the Dutch Climate Agreement. This means we have committed us to reporting about the climate impact of our financing and investment activities from 2020 onwards.

This report is our second disclosure of our CO<sub>2</sub> impact. I'm proud of the steps we have taken to reduce our carbon footprint. And we will continue to increase our contribution to the low carbon economy. Our business impacts and is impacted by a wide range of issues that are important to society and our planet. We know we must address them to create confidence in tomorrow.

Sjoerd Laarberg  
CEO Allianz Netherlands

## Executive summary

As an operating entity of Allianz Group, Allianz Benelux has an important role in combatting climate change through financing and investments.

Being part of Allianz Benelux, Allianz Nederland Groep N.V. (hereinafter: Allianz Nederland) together with 52 other Dutch financial institutions has signed a Climate Commitment of the Financial Sector (hereinafter: Climate Commitment) in 2019 in support of the Dutch Government's National Climate Agreement. The Dutch Climate Agreement is based on the Paris Agreement and has the objective to reduce greenhouse gas emissions (hereinafter: CO<sub>2</sub> emissions) by 49% compared to 1990 in a cost-effective way by 2030. Having signed the Climate Commitment, Allianz Nederland has committed to report on its CO<sub>2</sub> impact of our relevant financing and investment activities from the 2020 financial year onwards.

As the CO<sub>2</sub> impact of Allianz' financing and investment activities is calculated on Group level and only broken down to operating entities, we will disclose the consolidated CO<sub>2</sub> impact of our Benelux portfolio, where the Dutch portfolio is included. In 2021, the CO<sub>2</sub> impact of our portfolio was 177 thousand tonnes CO<sub>2</sub>e (including listed equity and corporate bonds).

In addition to our portfolio's emissions, we are also measuring the emissions associated with our own operations. In 2021 these were 0.9 tons CO<sub>2</sub> per FTE compared to 1.7 tons CO<sub>2</sub> per FTE in 2020. We have set ourselves a target of 1.85 tons CO<sub>2</sub> per FTE in 2025 (a reduction of 20% compared to 2019).

# 2021 highlights

## Reporting climate impact



### 2nd time

reporting on carbon impact of portfolio



### Carbon footprint

of our portfolio:  
177 thousand tonnes CO<sub>2</sub>e



### 25% reduction

in greenhouse gas emissions in equities and corporate bonds by 2025 on Group level



### Carbon footprint

from own operations:  
0.9 t CO<sub>2</sub> / FTE



### 20% GHG reduction

per employee by 2025  
(baseline year 2019)



# 02 Climate change strategy

## Strategic response to climate change

Allianz supports the shift to a climate-friendly economy with an ambitious sustainability approach for its business segments as well as operations. Efforts to fight climate change are encapsulated in Allianz Group Climate Change Strategy, that has been defined in 2005. It has been a key element of our Corporate Responsibility Strategy as it lies at the heart of our business model of protecting people and business from risk. Our Climate Change strategy consists of three focus areas:

### 1. We anticipate the risks of a changing climate

Allianz identifies and manages climate-related risks and opportunities as part of its business strategy and through its financial products and services by:

- Systematically considering climate and sustainability criteria in its insurance and investment business. Allianz stopped financing coal-based business models and no longer provides insurance for the construction and/or operation of single coal-fired power plants or coal mines.
- Committing to fully phase-out coal-based business models across its proprietary investments and P&C insurance portfolios by 2040, at the latest.
- Improving transparency around climate-related disclosures and working to further align strategy and reporting with the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Find out more about how Allianz Group applies the TCFD framework on our [website](#).

- Ensuring active dialogue with investee companies on the definition and implementation of climate strategies.
- Engaging with policymakers to drive sustainable finance and achieve the Paris Agreement and the U.N. SDGs. Find out more about how we contribute to the SDGs on our [website](#).

### 2. We care for the climate-vulnerable

Allianz supports its customers to reduce risks and minimize damage, compensates those who have suffered losses, and insures low-carbon developments. It works with peers, governments and the civil society to manage climate risks and 'close the protection gap', specifically in most vulnerable developing countries. Allianz also supports scientific research and innovation that improves society's understanding of climate-related risks.



### 3. We enable the low-carbon transition

Allianz joined forces with other asset owners through the U.N.-convened Net-Zero Asset Owner Alliance (AOA) to collaboratively support companies in their low-carbon transition. Find out more on the AOA on our [website](#). Together with six other world's leading insurers and reinsurers, Allianz is currently in the process of establishing a pioneering [Net-Zero Insurance Alliance \(NZIA\)](#) as the global insurance and reinsurance industry can play a key role in accelerating the transition to a resilient, net-zero emissions economy, in line with the 1.5°C target of the Paris Agreement on Climate Change.

Allianz provides sustainable solutions for customers, including insurance that supports renewables and energy efficiency around the world. It also strategically invests in low-carbon assets, including renewable energy, green buildings, and green bonds.

Find out more about Allianz' ESG integration and engagement approach in core business activities on our [website](#) and in our [Allianz Group Sustainability Report 2021 \(page 24-32\)](#).

The carbon reduction strategy for corporate operations is designed to reduce greenhouse gas (GHG) emissions from Allianz Group operations through energy-efficient planning, construction and operation of buildings, buying green electricity and using carbon efficient vehicles.

## Future reduction goals

Allianz Group has committed, through the Science Based Targets initiative (SBTi), to set long-term climate goals for its proprietary investments and business operations, in line with the Paris Agreement's climate goal and committed to: Reach net-zero greenhouse gas (GHG) emissions in its proprietary investment portfolio by 2050.

Implementing its goal, Allianz has set concrete interim targets: by 2025, emissions in equities and corporate bonds are to be reduced by 25 percent compared to 2019. Furthermore, all equities as well as corporate bonds will in the future be reviewed for their compatibility with the 1.5-degree target of the Paris climate agreement. By 2025, all real estate invested in by Allianz will be in line with scientifically based 1.5-degree pathways in terms of total emissions.

Allianz developed the methodologies underlying the reduction target together with partners in the UN-convened Net-Zero Asset Owner Alliance (AOA). The Target Setting Protocol, published for consultation and now finalized, is based on the latest international climate research and is currently one of the most ambitious climate guidelines for investors.

Next to supporting others to move towards carbon neutrality, the change to a climate-friendly economy starts with Allianz itself. For its own operations, Allianz aims to reduce climate gases from its operations by 30 percent by 2025 (compared to 2019). Also, as a signatory to the RE100 initiative Allianz has committed, to source 100 percent renewable power for its group-wide operations by 2023. Please find below a complete overview of our future targets on reducing GHG emissions in our operations.

## Our GHG emission targets



**30 %**

GHG emission reduction target per employee



**100 %**

Renewable power by 2023



**20 %**

Energy reduction in office buildings per employee



**15 %**

Reduction in GHG emissions from business travel per employee



**20 %**

Reduction in paper use per policy



## Governance

Established in 2012, the Group ESG Board is the highest governing body for sustainability-related issues. It consists of the Members of the Allianz SE Board of Management in charge of Finance, Controlling and Risk, Investments and Asset Management, as well as non-voting representatives of the following functions and entities:

- **Group Communications and Corporate Responsibility;**
- **Group Risk;**
- **Group Compliance;**
- **Allianz Investment Management SE; and**
- **Allianz Global Corporate and Specialty SE.**

On a case-by-case basis, further participants from Group Functions and operating entities participate. The Group ESG Board meets quarterly and is responsible for ensuring ESG integration across all business lines and core processes and oversees the Allianz Group Climate Change Strategy. It steers the whole corporate responsibility agenda, including for example positioning on Sustainable Finance as well as approving and steering external climate and ESG-related commitments and initiatives. Furthermore, it is responsible to ensure alignment of the ESG agenda with Allianz's business operations, especially by validating with Group functions such as Group Risk and Group Compliance. Also, the Group ESG Board is approving the data on the CO<sub>2</sub>e impact of the portfolio.

The Allianz Group Corporate Responsibility department, and particularly the Group ESG Office, including a team dedicated to Climate Integration, is responsible for orchestrating the integration of ESG and climate aspects into core investment and insurance activities. It also acts as the secretariat of the ESG Board and meets regularly with its chair. Further functions are reporting on non-financial matters and support operating entities in integrating the Group's strategic approach and policies.

The implementation of science-based emission reduction targets for our proprietary investments and operations is run by a task force expanding across all relevant investment and operational departments and entities. It comprises more than 50 employees, including executive functions and reporting to the BoM members responsible for investments and operations as well as to the ESG Board.

In the Benelux all ESG related matters are discussed in our ESG core team. It has seven members with a diverse background ranging from underwriting, facility, communications to investments. The ESG core team has a dedicated Board sponsor and reports to the Benelux Board of Management on a quarterly basis.

The BoM's remuneration on Group level and local level is tied to the attainment of sustainability- and climate-related targets, including the successful delivery of our climate change strategy and oversight of implementation of our different climate-related commitments. A particular focus lies on the quantitative reduction targets for GHG emissions. Our long-term climate ambition and targets are decided at ESG Board level and cascaded to all relevant functions tasked with delivering on these targets.

# 03 Our performance in 2021

## Climate impact of our core business activities

Since 2020 we disclose carbon footprint information of our listed equity and corporate bonds portfolio. We provide both general portfolio indicators and emission-related indicators. Within Allianz Group's entire portfolio, listed equities are the asset class identified as most exposed to transition risks in previous analyses. We focus on the companies in the two highest emitting-industries: utilities and oil & gas. The total portfolio value covered in our 2021 carbon foot printing is 1,708 mn EUR.



## The carbon footprint results:

### LISTED EQUITY PORTFOLIO INDICATORS

Indicator	Unit	2021	2020	Delta in %
Portfolio value	€ mn	115.1	89.1	29.2%
Absolute Emissions	mn t CO <sub>2</sub> e	8.0	7.3	9.6%
Relative Emissions	t CO <sub>2</sub> e/€ mn invested	69.4	82.0	-15.4%
Emission data coverage	%	18.0%	15.0%	20.0%

### CORPORATE BONDS PORTFOLIO INDICATORS

Indicator	Unit	2021	2020	Delta in %
Portfolio value	€ mn	1,593.2	1,655.9	-3.8%
Absolute Emissions	mn t CO <sub>2</sub> e	169.0	210.2	-19.6%
Relative Emissions	t CO <sub>2</sub> e/€ mn invested	106.1	126.9	-16.4%
Emission data coverage	%	18.1%	17.4%	4.0%



Climate impact  
of our  
core business  
activities

## Climate impact of our operations

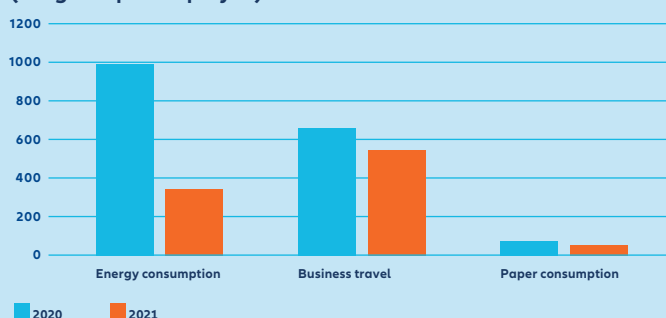
The carbon footprint of our own operations was 0.9 t CO<sub>2</sub> per FTE in 2021. This is a decrease of 43% compared to 2020 which is mainly due to a reduction of around 65% of emissions from internal energy consumption.

Emissions from business travel also declined around 15%, mainly because of ongoing protective measures during the COVID-19 pandemic. Going forward, our New Work Model as facilitated by Allianz Group will capitalize on this shift to minimize emissions from business travel by enabling flexible working. We expect the balance between working from home to working in the office to be around 40-60%. Learnings from 2020 also include the alternatives to business travel.

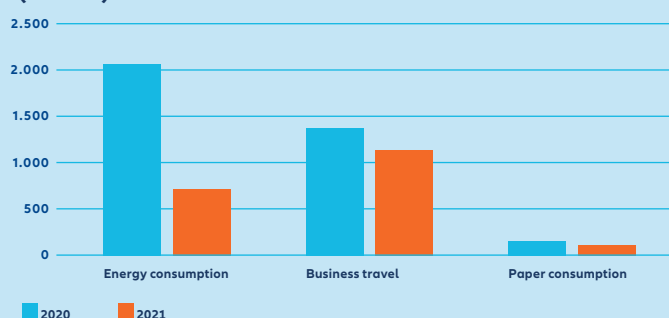
We expect the forced drop in 2021 to continue for a part in post-Covid circumstances. Both for flex working and business travel new guidelines have been implemented.

Allianz Benelux' most material GHG emissions arise from its energy consumption and business travel as shown in the graph below.

**Allianz Benelux relative CO<sub>2</sub> emissions per year  
(in kg CO<sub>2</sub> per employee)**



**Allianz Benelux CO<sub>2</sub> emissions per year  
(in t CO<sub>2</sub>)**



A full overview of absolute emissions and their distribution across scopes and emission sources is given in the following tables and graphs.

	2021	2020	Y2Y
Total CO <sub>2</sub> e emissions (in t CO <sub>2</sub> e)	2,010	3,628	-45%
Scope 1 (direct emissions)	850	1,580	-46%
Scope 2 (indirect emissions)	478	1,053	-55%
Scope 3 (indirect emissions)	682	995	-31%

Managing environmental impacts in our Dutch operations is guided by the Group wide Allianz environmental management system (EMS) which provides clear standards and controls, supports environmental data collection and promotes transparent reporting of environmental impacts across the Group. It guides the monitoring and management of our carbon footprint and use of natural resources, such as water and energy, and reducing waste.

Further elaboration on the Group's performance against targets as set out in the Climate Change strategy can be found in the [Allianz Group Sustainability Report 2021](#) (page 94-98).







# 04 Action plan

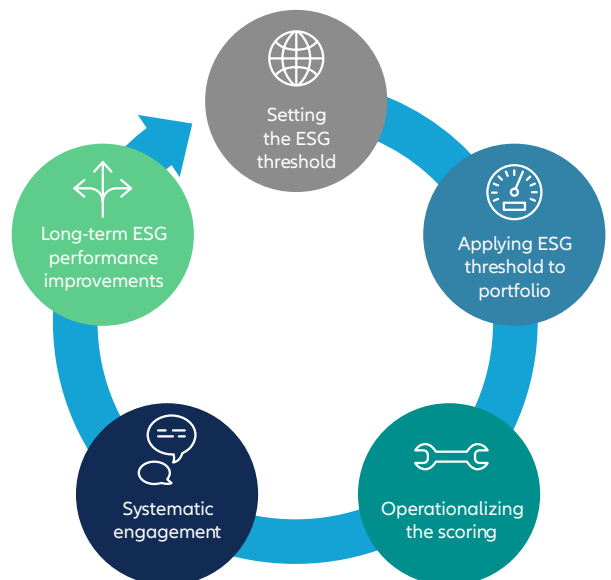
## Engagement approach

Meaningful change can take several years and engagement is an ongoing process that can be both impactful and mutually beneficial. Allianz could not contribute to this positive change if it automatically withdrew its investments. Therefore, engagement processes are an integral part of Allianz's ESG strategy.

In 2017, Allianz Group introduced a more systematic ESG scoring and engagement approach to identify and manage risks in our listed proprietary investment portfolio, including sovereign bonds, corporate bonds and public equity. The scoring process systematically assesses the ESG performance of individual issuers using ESG data provided by an external data provider (MSCI ESG Research). This information is used to consider ESG criteria in investment selection. We have set a clear ESG performance threshold below which investments are deemed 'ESG critical'. Investments in companies scoring below the threshold are continually monitored. An asset manager with investments scoring below this threshold must 'comply-or-explain'; meaning either reallocate to another issuer or explain and provide reasons for holding these issuers.

The reasoning is discussed and assessed during regular ESG deep dive meetings with asset managers. On behalf of Allianz Benelux, Allianz SE conducts a dialogue with a number of selected companies in which it invests, when Allianz identifies systematic ESG risks and/or the main negative consequences. The purpose of the dialogue is to strengthen the management of ESG issues by the investee company and to improve the overall sustainability performance of that company. Themes under dialogue include carbon emissions and management, health & safety, toxic emissions and waste, biodiversity and land use.

Please see below a simplified illustration on the ESG scoring and engagement approach. Further details on our engagement approach and exclusion policy can be found in our [ESG Integration Framework](#).



## Engagement results

In 2020, Allianz Group opened or continued engagement discussions on CO<sub>2</sub> emissions and management with 49 investee companies.

Table ESG-9

Sustainability engagement: overview			
	2021	2020	2019
Number of active engagements	61	68	49
Engagement outcomes			
Engagement closed successfully	21	3	4
Engagement closed with restrictions	2	8	1
Engagement on-going	38	57	44

Table ESG-10

Sustainability engagement: region			
As of December 31	2021	2020	2019
Europe	15	17	18
Asia Pacific	22	25	12
North America	17	20	15
Emerging Markets	7	6	4

Table ESG-11

Sustainability engagement: sector	
As of December 31	2021
Oil, Gas and Energy	34
Metals and Mining	7
Steel and Cement	7
Chemicals	3
Construction and Engineering	5
Other	5

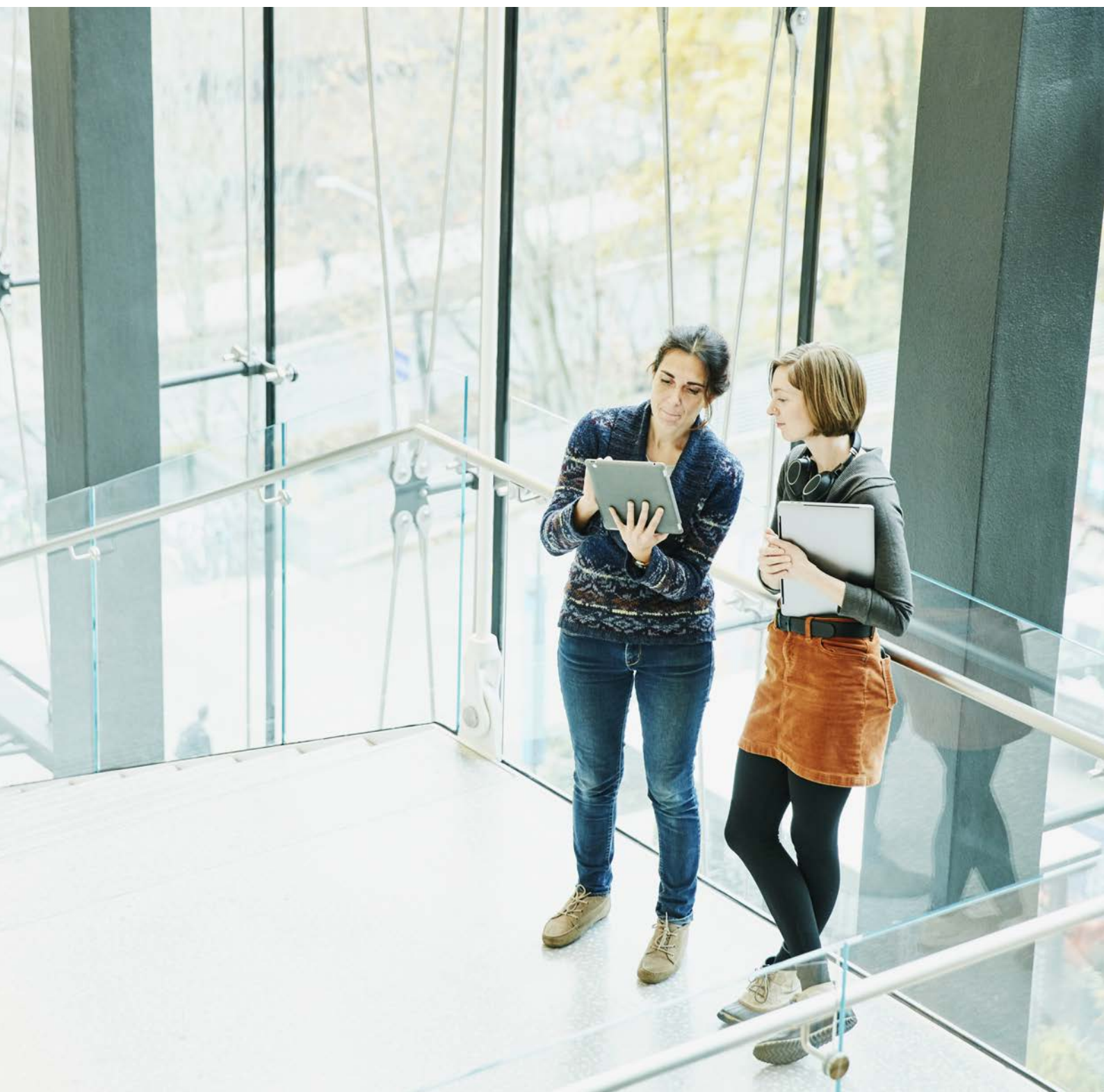
Table ESG-12

Sustainability engagement: topics <sup>5</sup>	
As of December 31	2021
CO <sub>2</sub> Emissions and Management	48
Health, Safety and Human Rights	17
Toxic Emissions and Waste	6
Product Safety	2
Biodiversity and Land Use	4
Other	3

## Results on sustainability in proprietary investments

The cumulative divestment from coal-based business models since 2015 is 347.5 mn EUR and another 5,983.0 mn EUR is in run-off or already disposed. We also actively pursue investment opportunities that support sustainability in general (including climate change). In 2021, we invested 123.1 bn EUR in sustainable investments.

For more information on our environmental and social criteria, see [Allianz Group Sustainability Report 2021 \(page 23\)](#).



## Results key climate actions

With regards to the Benelux entity we achieved an overall decrease of 18.6% of our emissions within the listed equity and corporate bonds portfolio in 2021 compared to 2020. Furthermore, we have the following achievements on Allianz Group level:

- We have set long-term and intermediary climate targets. We are working towards our first intermediate 2025 target as part of our 'Net-Zero by 2050' commitment for our proprietary investment portfolio.
- In 2021, we tightened our coal approach in both proprietary investments and Property-Casualty underwriting by also restricting companies that plan new thermal coal assets or have still a major coal business in place (5 gigawatts of installed coal capacity or 10 million tons mined annually)
- Allianz co-founded the U.N.-convened Net-Zero Insurance Alliance alongside other insurance firms around the world.

### Together with our partners at the AOA we achieved the following:

- Grew to 65 members across three continents with > USD 10 tn AUM.
- Developed 2nd version of the Target-Setting Protocol.
- Conducted engagements with policymakers, regulators, energy agencies, sectors and companies.
- Number of position papers and statements published.
- Published first Alliance progress report.

## Looking ahead

In 2022, Allianz Group will continue implementing the following measures to reduce CO2 emissions from our relevant financing and investments and achieve the interim 2025 targets for proprietary investments and business operations:

- Fully phase out coal-based business models across our proprietary investments and P&C portfolios by 2040 at the latest along 1.5°C pathway
- Increase direct & indirect exposure to renewable energy by 5.85 % per year (IRENA2 global pathway)
- Develop comprehensive quantitative inhouse scenario analysis on physical, transition and litigation aspects of climate change, covering both investments and underwriting.
- Carry out and disclose portfolio baseline assessments.
- Develop climate strategies and actions plans, including trajectories.
- By 2023: Disclosure of quantitative joint Alliance report
- Continue to contribute to all workstreams of AOA (i.e., method development, engagement, policy, financing transition, recruitment) and ramp up engagements with other policymakers. See [Allianz Group Sustainability Report 2021 \(page 104\)](#) for a detailed list of our memberships and partnerships with sustainability-related initiatives and principles.
- Together with other operating entities, we will enhance the consideration of climate change as part of our Strategic and Planning Dialogues.

# 05

## Appendix

### Methodology and scope of portfolio carbon footprint

This is Allianz Benelux' second climate impact report covering 18.1% of Allianz Benelux total asset portfolio, including equities and corporate bonds. Within our entire portfolio, listed equities and corporate bonds are the asset class we found most exposed to transition risks in previous analyses. For more information on our risk analyses see [Allianz Group Sustainability Report 2021 \(page 75\)](#). We expect to enhance this disclosure in upcoming reporting cycles in light of the expansion of asset classes covered by Allianz' AOA commitment, i.e. real estate, infrastructure, and sovereign bonds.

We expect to enhance this disclosure in upcoming reporting cycles in light of the expansion of asset classes covered by Allianz Group's commitment to the U.N.-convened Net-Zero Asset Owner Alliance (AOA), i.e. real estate, infrastructure, and sovereign bonds.

The portfolio carbon footprint for listed equity and corporate bonds is calculated based on the following measures for Scopes 1 and 2 emissions in line with the GHG Protocol. The required data is sourced from MSCI and Refinitiv.

#### Variables:

- $I_i$  Allianz's investment in issuer  $i$  in Euro
- $Q$  Allianz's total portfolio market value in Euro
- $V_i$  Enterprise value incl. cash of issuer  $i$  in Euro
- $Y_i$  Sales/revenues of issuer  $i$  in Euro
- $m_i$  GHG emissions of issuer  $i$  in t CO<sub>2</sub>e
- $F_a$  Absolute portfolio carbon footprint of Allianz's listed equity and corporate bond portfolio in t CO<sub>2</sub>e
- $F_r$  Relative portfolio carbon footprint of Allianz's listed equity and corporate bond portfolio in t CO<sub>2</sub>e per Euro invested
- $F_w$  Portfolio weighted average carbon intensity per revenue
- $w_i$  Weight of issuer  $i$  in Allianz portfolio ( $I_i / Q$ )

Enterprise value ( $V_i$ ) is defined as the sum of the market capitalization of common stock at fiscal year-end, the market capitalization of preferred equity at fiscal year-end, and the book values of total debt and minorities' interests without the deduction of cash and cash equivalents held by the enterprise.

Due to regulatory requirements, we changed the calculation approach for our portfolio carbon footprint as of 2021. The new methodology is described above and 2019 and 2020 figures have been restated accordingly.

#### Absolute portfolio carbon footprint:

$$F_a = \sum_{i=1}^n \frac{I_i}{V_i} \cdot m_i$$

#### Relative portfolio carbon footprint (i.e. portfolio carbon footprint per Euro invested):

$$F_r = \frac{F_a}{Q}$$

#### Weighted average carbon intensity (i.e. portfolio weighted average carbon intensity per revenue):

$$F_w = \sum_{i=1}^n w_i \cdot \frac{m_i}{Y_i}$$

The emission data represents the latest data we have as of March of this year. In case of this year's report, this means that emission data is largely comprised of data from FY 2020, as FY 2021 data will only be made available by investees in the first half of 2022.



## Limitations

It should be noted that our current emission Scope is 1 and 2 and does not consider emissions in the wider value chain of investees, which can be significant for many sectors. While data quality for Scope 3 emissions is still low, we believe there is merit in sector-specific Scope 3 indicators and data to determine if companies and their products are on a pathway consistent with Allianz Group's 1.5°C ambition. Allianz Group is working to develop these indicators also as part of its work with the AOA.

## Methodology of operational carbon footprint

Our reporting on environmental data from operations generally follows the GRI Standards of the Global Reporting Initiative. Our operational carbon footprint is oriented towards the Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard. For data compilation, Allianz further applies the standards developed by the Association of Financial Institutions for Environmental Management and Sustainability (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstitutionen 'VfU'), as used by Allianz Group, as they are tailored to financial services institutions. Detailed guidance for environmental data compilation is further defined in internal guidelines for environmental reporting and in the publicly available explanatory note on the Allianz Group website.

For further information we refer to [Allianz Group's explanatory notes for the reporting year 2021.](#)



