

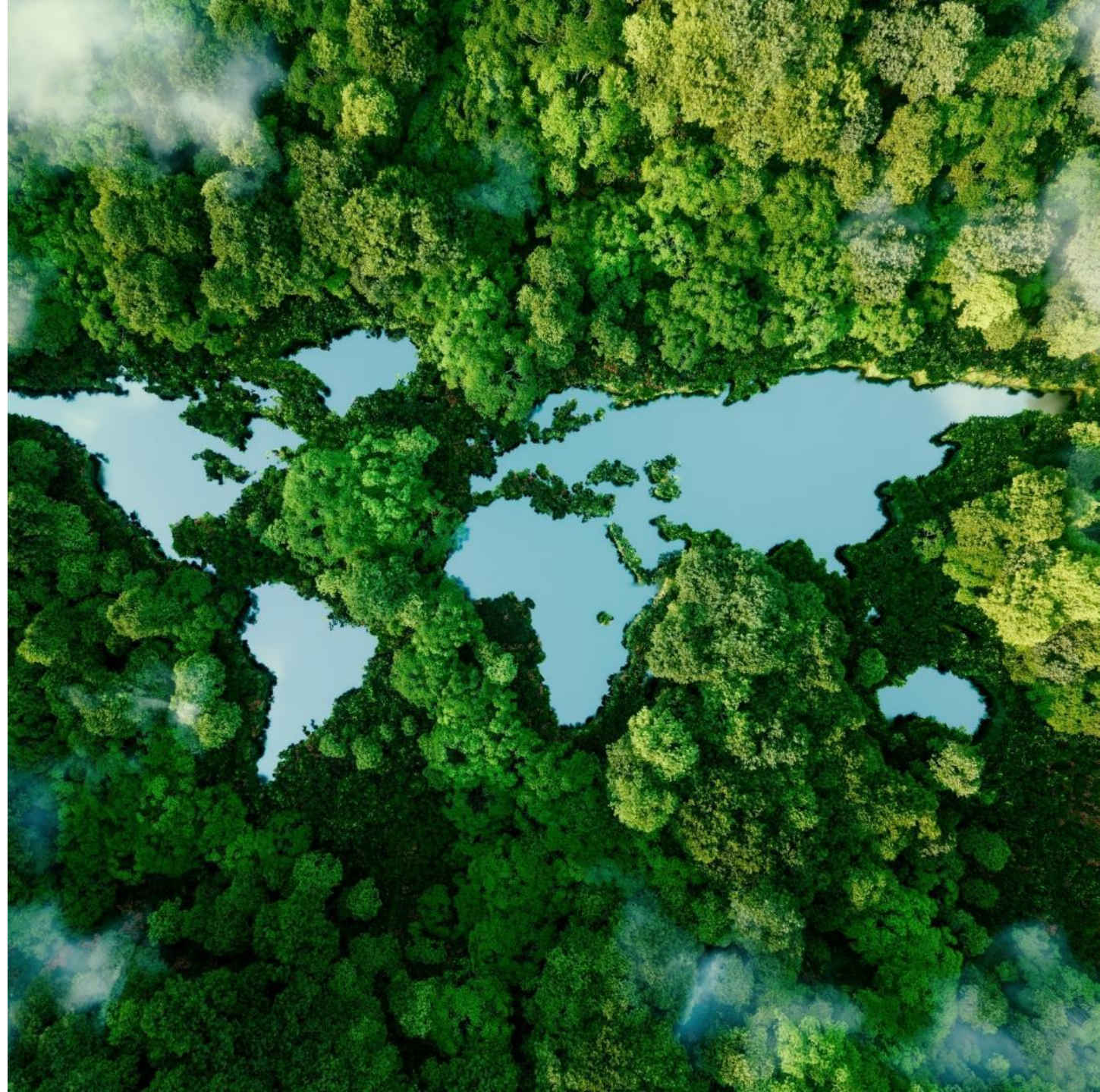


Allianz Use Case A4S

Measurement and Reporting of
Insurance-Associated Emissions

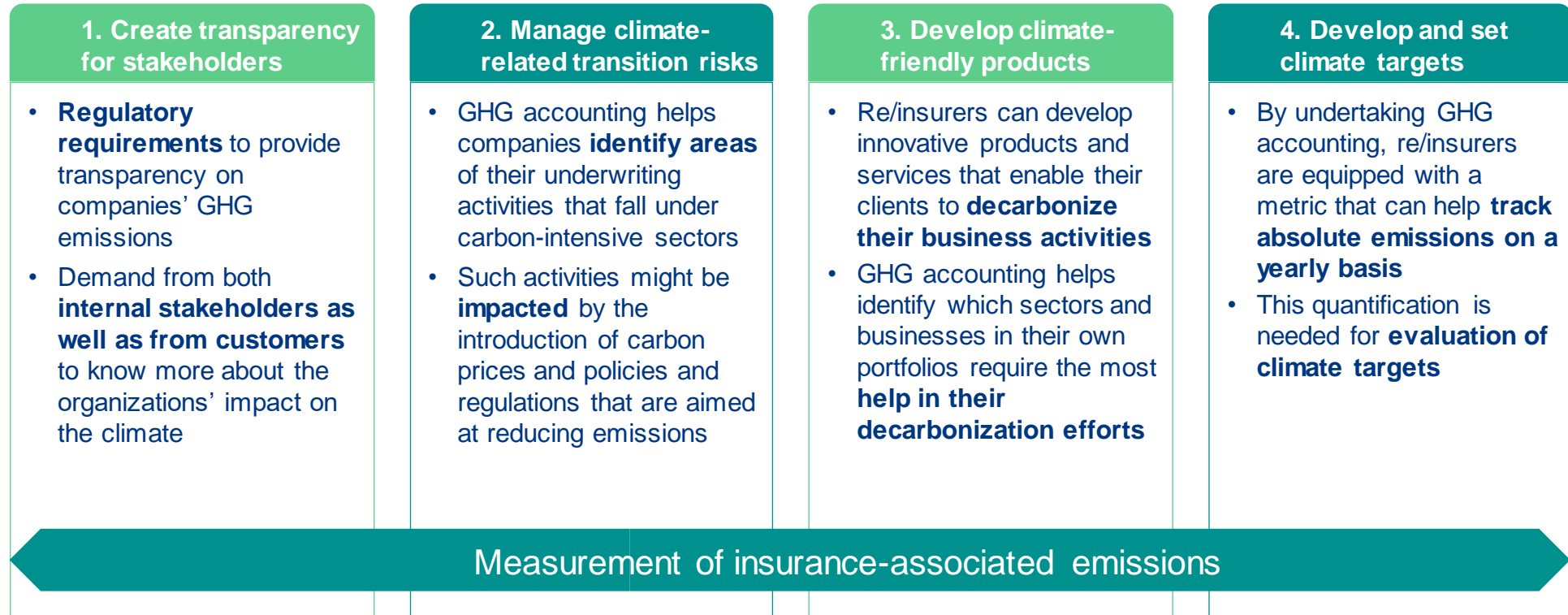
Allianz,
Global P&C

Munich,
30 April 2024



The importance of GHG accounting in the re/insurance industry

GHG accounting can help financial institutions meet multiple business goals



“Insurance-Associated emissions – top tips for finance teams of insurers and reinsurers”

About A4S

- **Accounting for Sustainability (A4S)** was established by HM King Charles III in 2004, when he was The Prince of Wales.
- A4S’s purpose is to **transform finance** to deliver a sustainable future.
- A4S’s **spheres of influence** are CFOs and finance teams, Capital markets, Accounting community, Business schools and academia, Regulators and policy makers.
- A4S is committed to exploring the **practical steps** and key barriers to action, to implement credible and ambitious transition plans, and accelerate action.



Publication: Top Tips for Finance Teams

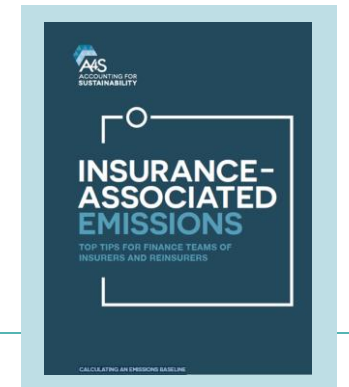
- A4S has developed **top tips**, tailored to finance teams. The guidance aims to help re/insurers get started on calculating an emissions baseline and can be used as a resource as re/insurers develop their approach over time.
- The guidance is designed to support re/insurers to **operationalize current guidance** such as those from PCAF.
- This guidance was made possible thanks to **contributions** from the Association of British Insurers (ABI), Allianz, Partnership for Carbon Accounting Financials (PCAF) and Willis Towers Watson (WTW).
- **Read A4S’s Top Tips** for Finance Teams on how they can establish a baseline on their website for more detail.
- **Read the Allianz case study** for a practical example on how they measured their insurance-associated emissions



Accounting for Sustainability (A4S)



www.accountingforsustainability.org



Allianz and our commitment to Net-Zero



Allianz is a global financial services provider with **125 million customers**. We offer products, services and solutions in both **insurance and asset management**.

We are committed to transitioning our proprietary investment and property and casualty underwriting portfolios to **net zero greenhouse gas (GHG) emissions by 2050**.

Our **net-zero transition plan** includes emission reduction targets for both our **commercial** and **motor retail** lines of business. Using the methodology from PCAF, we calculated our insurance-associated emissions **2022 baseline**.

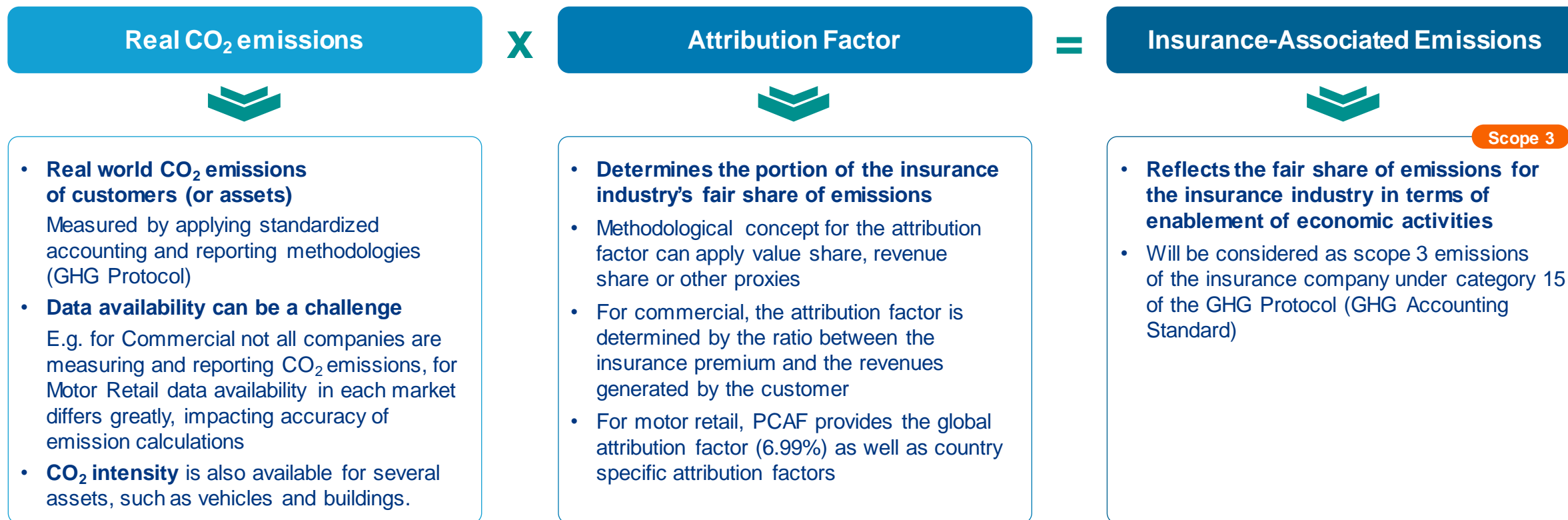
Allianz decarbonization pathway on setting effective and meaningful targets to drive change



1. Annual Report 2023 Allianz Group

The PCAF standard sets a framework for measuring Insurance-Associated Emissions

The **lack of ownership or direct control** over a customer's activity or asset is a key differentiation from investments and impacts the influence a re/insurer has on the customer's decisions to reduce emissions. The role of the insurance industry is as an **enabler** (alongside others in the value chain of the customer). Consequently, **the fair share of emissions** has to be determined using the **attribution factor** for the insurance portfolio.



Motor Retail deep dive: Building on the PCAF standard to develop an internal Allianz methodology

We remain **consistent with other financial institutions**, using the PCAF Standard as a base, however we recognized the need to **tailor the standard** to our own organization:

- To align with internal practices
- To avoid confusion
- To help educate employees

01

Internal guide developed

- **Translated** the PCAF methodology into our internal methodology
- **Detailed what was in scope** e.g. inclusions and exclusions for the motor retail line of business were outlined
- **Signposted internal tools** including pricing tools, best practice documents and data sources.

02

Gathered data and established a baseline

- **Step 1: Setting the scope:** Identified markets with biggest relevance where data was available, adequate and reliable
- **Step 2: Sourcing data:** Guidelines, methodologies and processes were issued to local operating entities
- **Step 3: Checking data quality:** After running data cleaning exercises and data quality checks (globally and locally), processes were amended to correct highlighted errors
- **Step 4: Iterating and improving data quality:** Average data quality score obtained was 2.61 for the 2022 Baseline¹

03

Integrated approach

- Considering our long history of gathering financial data, we have relied on **already established** systems, data processes, governance and controls
- Allianz Group has the overarching **governance responsibility** for the data we reported, however each operating entity as well as Global P&C undergo additional **external audits**

Stakeholders involved ensured a collaborative and successfully integrated approach



- **Pricing and data experts** were the technical leads
- **Employees across our operating entities** were fully integrated into the approach and processes, constantly working together to assess feasibility of targets, financial impact etc.
- **Finance staff** became more involved throughout the process in terms of reporting and assurance, being the bridge between our business and our auditors

Focus on upskilling employees

- Presentations were given to top management
- Internal training sessions (expert level) on insurance associated emissions were developed and conducted
- E-Learning sessions and trainings (ground level) for the rest of the organisation were also developed and successfully rolled out
- In total, more than 111 employees were trained in-person since the beginning of Q4 2023

Key takeaways



Learn by doing

Get started now and address challenges as you come across them.

You're unlikely to get the perfect baseline immediately, so don't be disappointed if the data isn't robust enough on your first attempt. Complete several iterations of your baseline, refining and improving your approach each time.



Choose appropriate departments to lead the calculation

It is crucial to **give responsibility to the most appropriate team**, for instance, a team already experienced in handling complex data or conducting the necessary analysis using specific tools.

You might choose to have the finance team lead some of the work, or teams specializing in pricing and data management lead in other areas.



Use the PCAF Standard – But be ready for changes

A consistent approach across the industry is key, **use the PCAF Standard as a guide** and focus on the lines of business it currently covers to start.

The PCAF Standard will be updated, and the lines of businesses included will expand. Be ready to respond and adapt your approach accordingly.



Educate employees continuously and get Internal buy-in

As this is a new area for all of us, **knowledge sharing and upskilling are essential**.

Involve key employees from across the business, including different levels, departments and job roles. Also focus on frontline employees, so they can spread the word and promote the approach in their own areas of the organization as well as externally.



Thank you!

