

Allianz Response on Dirty Profits Report 4

- We appreciate reports creating an awareness for Environmental, Social and Governance (ESG) topics amongst investors. Thereby, we consider profound and comprehensible methodology, selection criteria and data and a correct analysis as important to make those reports credible. The investment exposures, reported in the Dirty Profits Report, do not correspond with our own figures.
- The reported investment figures refer to our proprietary assets (Allianz insurance assets), as well as to our third party assets, which our asset managers PIMCO and AllianzGI manage on behalf of their asset management clients. PIMCO and AllianzGI are guided by the investment demands of their clients and fulfillment of their fiduciary duty. Both have signed the Principles for Responsible Investment (PRI) and integrate ESG aspect into their investment analysis and decision making.
- As a large financial service provider we need to invest our insurance assets into a wide-ranging, diverse portfolio consisting of many sectors and countries to spread the risk and to participate in the various growth segments.
- Global and regional indices play an important role for us. Investments in certain companies are often related to their inclusion in these indices. We lobby for an integration of ESG aspects into the composition of these indices.
- As part of our risk diversification strategy we also consider the integration of ESG aspects into our investments as highly important to achieve long-term attractive returns for our insurance clients.
- For our proprietary assets (Allianz Insurance Assets) we apply a systematic ESG approach, which we have developed throughout the past years and are continuously improving. Key elements include:
 - The ESG Functional Rule for investments, binding all asset managers acting on behalf of Allianz to integrate ESG into their investment process, which is closely monitored by Allianz Investment Management.
 - For our alternative investments (e.g. real estate, infrastructure, private placements) we apply our ESG screening process, where each transaction is screened based on our ESG guidelines. Those guidelines were developed jointly with NGOs and other internal and external stakeholders for 13 sensitive business sectors (e.g. oil & gas, mining, infrastructure), where we see significant ESG risks; all guidelines include sector specific human rights aspects. In addition we have implemented an overall human rights guideline.
 - In 2015, we launched a project to strengthen and systemize the integration of ESG into fixed income securities and equities, representing over 90% of our assets. We will analyze our portfolio along 37 environmental, social and corporate governance key issues (e.g. carbon management, labor management, corruption) based on the information and ESG scores provided by the rating agency *MSCI ESG Research*. This transparency on the ESG performance of issuers across our investment portfolio will enable a more targeted management of risks and opportunities; In our further analysis we will continue to put a focus on human rights aspects.
 - We exclude certain sectors from our investments. We apply exclusion criteria, restricting investing in companies involved with banned weapons such as anti-personnel landmines, cluster munitions, and biological, chemical and toxic weapons. Furthermore, we are not financing coal-based business models (for more information see here: https://www.allianz.com/v_1448622620000/media/responsibility/Energy_Guideline_PublicVersion_final.pdf)
- For more information on our ESG integration see our company's website Sustainability section (SD report for FY 2015 will be launched in early May 2016) as well as in our PRI report (PRI report for FY 2015 will be published in June 2016).