DISCLOSING UNDER ARTICLE 3,4 & 5 OF THE EU SUSTAINABLE FINANCE DISCLOSURE REGULATION (EU SFDR)

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Allianz-Țiriac Asigurări S.A.

Allianz Țiriac

DISCLOSURE UNDER ARTICLE 3 EU SFDR

Our understanding of sustainability risks comprises environmental, social or governance (ESG) events or conditions which, if they occur, may potentially have material negative impacts on the assets, profitability or reputation of the Allianz Group or one of its group companies. Examples for ESG risks are climate change, loss of biodiversity, breach of recognized labor standards, corruption.

Allianz Investment Management SE (AIM SE) sets the framework under which Allianz-Țiriac Asigurări S.A. (AZT) operates. AIM SE and AZT consider sustainability risks along the entire investment decision making process, including Asset Liability Management, Investment Strategy, Asset Manager Management, Investment Monitoring and Risk Management. The execution of the investments is performed by AZT.

AZT follows a comprehensive and well-founded ESG integration approach with respect to the investment of insurance investment assets comprising the following elements[1]:

1. **Selecting, mandating and monitoring asset managers for investing Allianz's assets:**
   AZT considers next to economic aspects also environmental, social and governance factors. For all assets managed by AZT we adhere to the Allianz ESG Functional Rule for Investments which outlines the ESG integration into our investment management process.

2. **Identifying, analyzing and addressing potential ESG risks:**
   Investment transactions into non-listed asset classes, such as real estate, infrastructure, private placements are screened by AZT in cooperation with AIM and Group-internal asset managers along ESG guidelines. These ESG guidelines are based on international best-practice standards and comprise aspects like biodiversity risk, risk to protected areas, workforce risk, risk to local communities. When an ESG risk is detected during the assessment, a decision is made by ESG and risk experts on Allianz Group level, whether to either proceed with a transaction, to proceed and require the mitigation and management of ESG risks, or to decline a transaction on ESG grounds.

   For investments into listed asset classes, such as sovereign bonds, corporate bonds and public equity, we apply ESG data from an external data provider MSCI ESG Research in conjunction with our own research to assess material ESG risks and take into account in portfolio steering.

3. **Active Ownership:**
   Engagement: On behalf of all its insurance subsidiaries, Allianz SE enters into a dialogue with selected investee companies, where Allianz identifies systematic ESG risks. The engagement aims to strengthen the investee company's management of ESG risks and spur improvements of its overall sustainability performance. Meaningful change can take several years and we see engagement as 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. However, if our engagement turns out to be unsuccessful, we might divest from certain issuers. In addition, our internal asset managers AllianzGI and PIMCO conduct ESG-specific engagements on behalf of their assets under management, including Allianz insurance investment assets.

4. **Certain sectors and companies are excluded from insurance investment assets:**
   This covers: (1) Exclusion of companies producing or associated with controversial weapons[2], (2) Exclusion of coal-based business models[3] , (3) Restriction of certain sovereign bonds from countries associated with severe human rights violations and significant issues managing ESG concerns, (4)

[1] Please note that the following approach does not apply for the underlying investments of unit-linked products.
[2] Weapons that fall under the scope of the following international conventions: Ottawa Convention (anti-personnel landmines); Convention on Cluster Munitions (cluster ammunition/bombs); Biological and Toxin Weapons Convention (biological weapons); and Chemical Weapons Convention (chemical weapons).
[3] Companies deriving 30% (25% as of December 31st 2022) or more of their revenues from mining thermal coal; Companies deriving 30% (25% as of December 31st 2022) or more of their generated electricity from thermal coal and/or planning more than 0.3 gigawatts (GW) of thermal coal capacity addition; for more details, see here.

Exclusion and restriction of issuers as a result of the engagement process: Single issuers with high ESG risks and where engagement has not been successful may be excluded additionally.

5. **Climate change risks and decarbonization:**
   Limiting global warming and mitigating climate change is a top priority for Allianz. We are committed to helping to deliver the 2015 Paris Climate Agreement and believe that reaching its goal calls for rapid decarbonization of the global economy towards net-zero emission levels by 2050. Allianz identifies and manages climate-related risks and opportunities by:
   - Committing to fully phase-out coal-based business models across its insurance investment assets by 2040, at the latest. We will reduce the thresholds from the current 30% (see footnote 3) to eventually 0% in 2040 at the latest. The next step is a reduction to 25% as of end of 2022.
   - Allianz is a founding member of the UN-Convened Net-Zero Asset Owner Alliance (AOA) and has committed our portfolio to be aligned with a maximum 1.5°C temperature rise, i.e. net-zero greenhouse gas emissions from our portfolio by 2050. As a first milestone towards our net-zero target, by 2025, at Allianz Group level, we aim to reduce GHG emissions in equities and corporate bonds by 25% compared to 2019. In addition, by 2025, our real estate portfolio will be in line with a 1.5-degree pathway.

Furthermore, AZT together with AIM Asset Manager Management (AIM-AMM) are involved in the fund selection process for unit-linked insurance products where customers bear the investment risk, and with that the sustainability risk of the funds or other units in which the insurance premium is invested. AZT and AIM-AMM expect the asset managers of the unit linked funds to be a signatory to the Principles for Responsible Investment (PRI) or to have their own ESG policy in place. On fund level, AZT and AIM-AMM consider sustainability risks based on the Morningstar Sustainability Rating which rates the degree of unmanaged sustainability risks relative to the fund's peer group.

For more information on Allianz Group and Allianz-Țiriac Asigurări's management of ESG risks in our investment processes, please see Group Sustainability Report (section 03.2) and ESG Integration Framework, respectively Allianz-Țiriac Asigurări Non-Financial Report (section 3 and 4).

DISCLOSURE UNDER ARTICLE 4 EU SFDR

A. Policies on the identification and prioritization of principal adverse sustainability impacts and indicators, description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned.

AZT considers principle adverse impacts of its investment decisions with respect to insurance investment assets[4] and has a robust framework in place to identify and assess those impacts. Key internal policy documents are defining and governing this approach.

Hereby principal adverse sustainability impacts include GHG emissions, biodiversity loss, water stress, human rights violations, adverse community impacts, bribery and corruption. To identify and assess these impacts we take several indicators into account depending on their materiality for the respective investment. Examples are carbon footprint, carbon intensity, biodiversity & community impact assessment, environmental management practices, health & safety practices, human rights violations, bribery and corruption issues.

Allianz Group specifically reports on the following carbon indicators for the Group portfolio in its TCFD disclosure: absolute carbon emissions, relative carbon emissions, weighted average carbon intensity. For more details see Group Sustainability Report Chapter 5.6.

We take a number of actions to avoid or mitigate these principle adverse sustainability impacts, including:

- Restricting investments in certain sectors and issuers: This covers: (1) Exclusion of companies producing or associated with controversial weapons[5], (2) Exclusion of coal-based business models[6], (3) Restriction of certain sovereign bonds from countries associated with severe human rights violations (4) Single issuers with high ESG impacts and where engagement has not been successful may be excluded additionally.
- Committing to fully phase-out coal-based business models across our insurance investment assets by 2040, at the latest.
- Committing of net-zero greenhouse gas emissions from our portfolio by 2050. As a first milestone towards our net-zero target, by 2025, at Allianz Group level, we aim to reduce GHG emissions in equities and corporate bonds by 25% compared to 2019. In addition, by 2025, our real estate portfolio will be in line with a 1.5-degree pathway.
- Engaging with selected investee companies to induce an improved management of ESG risks and impacts. For more details see section B.

Considering the broad variety of asset classes we invest in and the differing investment processes we apply, we use a number of approaches to identify, assess and prioritize those principle adverse sustainability impacts:

- ESG Scoring approach for listed assets: Based on ESG ratings provided by MSCI ESG Research, we have developed an approach to systematically integrate ESG factors in our investment decision making process. Companies' ESG ratings are based on the analysis of key environmental, social and corporate governance factors, that are considered material for each sector. These include GHG emissions, biodiversity, human rights, labor standards, corporate governance.

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[4] Please note that this does not extend to the investment decisions with respect to the underlying investments of unit-linked products.

[5] Weapons that fall under the scope of the following international conventions: Ottawa Convention (anti-personnel landmines); Convention on Cluster Munitions (cluster ammunition/bombs); Biological and Toxin Weapons Convention (biological weapons); and Chemical Weapons Convention (chemical weapons).

[6] Companies deriving 30% (25% as of December 31st 2022) or more of their revenues from mining thermal coal; Companies deriving 30% (25% as of December 31st 2022) or more of their generated electricity from thermal coal and/or planning more than 0.3 gigawatts (GW) of thermal coal capacity addition; by exclusion we mean in respect of such companies that equity instruments in such companies are being divested and run-off and no reinvestment of fixed-income instruments; for more details, see here.

Companies with a low ESG score are linked to high unmanaged ESG risks and high unmitigated adverse impacts. In order to identify those companies, the scoring process uses an ESG minimum threshold.
Further, Allianz subjects issuers below the threshold in its portfolio to a systematic, goal-oriented and time-limited engagement process. Such engagements are conducted on a case-by-case basis either by AIM and/or the respective asset manager. Details on the engagement approach are described below under B.
For more details on ESG Scoring see ESG Integration Framework Chapter 3.6.

- ESG Guidelines and Referral process for non-listed assets: Investment transactions into non-listed asset classes, such as real estate, infrastructure, private placements are screened by AZT together with AIM and Group-internal asset managers along ESG guidelines. These guidelines were written in 2013 for 13 sensitive business sectors, which we identified as highly exposed to potential ESG risks and adverse impacts. Sectors include e.g. Oil & Gas, Mining, Agriculture. We developed respective guidelines through dialogue with NGOs as well as an ongoing internal stakeholder engagement process. The guidelines are based on international best-practice standards and comprise issues like impact on biodiversity, impact on protected areas, impact on local communities, violation of human rights. The mandatory application of ESG guidelines for any investment transaction in the defined business sectors ensures that potential adverse impacts are identified and further assessed. When an ESG issue is detected during the assessment, a decision is made by ESG and risk experts on Allianz Group level, whether to either proceed with a transaction, to proceed and require the mitigation and management of ESG risks and impacts, or to decline a transaction on ESG grounds. For more details on the ESG Guidelines and topics covered per business sector, see ESG Integration Framework Chapter 3.4.

B. Brief summary of engagement policies

Engagement: On behalf of all its insurance subsidiaries, Allianz SE enters into a dialogue with selected investee companies, where Allianz identifies systematic ESG risks and/or principal adverse impacts. The engagement aims to strengthen the investee company’s management of ESG issues and spur improvements of its overall sustainability performance. Engagement topics include carbon emissions and management, health & safety, toxic emissions and waste, biodiversity and land use. Further details can be found in our Group Sustainability Report Section 3.2.

C. A reference to the adherence to responsible business conduct codes and internationally recognized standards

Allianz Group is a signatory to / member of a number of responsible business code of conducts and internationally recognized standards. Key ones are: Signatory to the Principles for Responsible Investment (PRI), Principles for Sustainable Insurance (PSI), UN Global Compact and Climate Action 100+, Member of RE100 and Science-Based Targets initiative (SBTi), Founding member of the U.N – convened Net-zero Asset Owner Alliance (AOA) and supporter of Task Force on Climate-related Financial Disclosure (TCFD). With our AOA membership we are committed to align our insurance investment portfolio with a 1.5°C scenario, addressing Article 2.1c of the Paris Agreement.
A complete list of all memberships and partnerships can be accessed in the Group Sustainability Report section 6.2.

DISCLOSURE UNDER ARTICLE 5 EU SFDR

The Allianz Group remuneration policy which is applicable to all Allianz operating entities addresses the integration of sustainability risks in a number of ways:

1. **Target setting principles:** Selected key performance indicators form the basis for the financial and operational targets for the variable compensation at operating entity level. These targets shall include, where appropriate ESG-related performance indicators and shall be designed to avoid excessive taking of ESG risks.

2. **Variable remuneration of Allianz Board Members – malus regulation:** Variable remuneration components may not be paid, or payment may be restricted, in the case of a significant breach of Allianz standards and policies, including the Allianz Standard for Reputational Risk and Issues Management and the ESG Functional Rule for Investments. These two internal policies govern the management of ESG risks for investment transactions. For more details on ESG risk management see “disclosure under article 3” and ESG Integration Framework.

For more details on the Allianz remuneration system, see here.