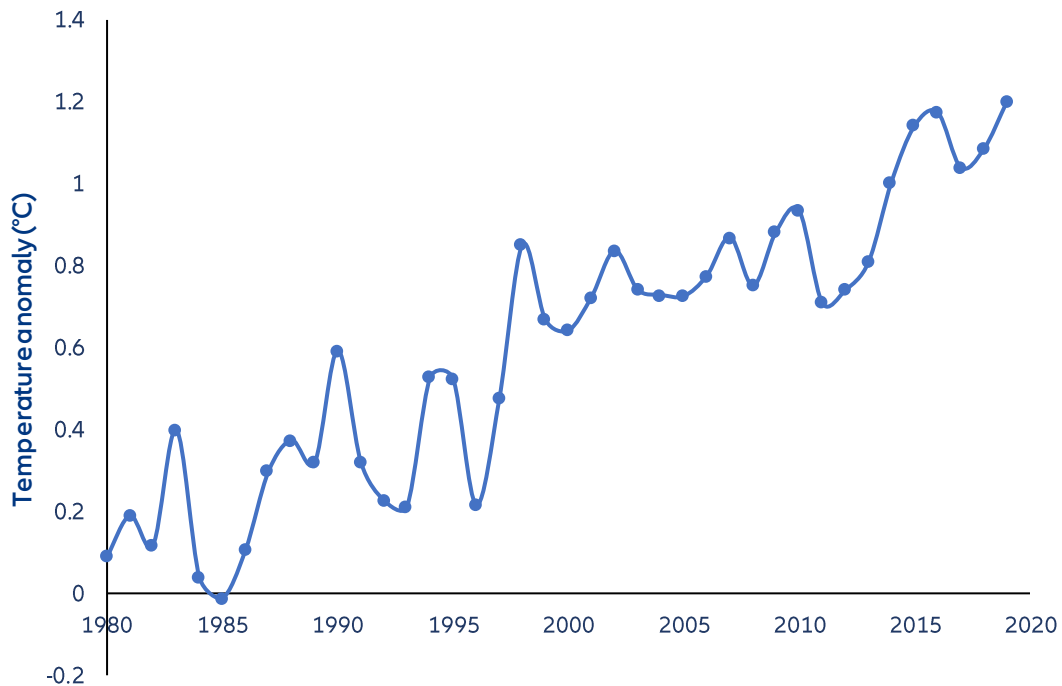


Climate change—our responsibility to act

The situation

For more than 10,000 years, our climate remained relatively stable. We then entered the industrial revolution, which led to Earth's climate warming by more than 1.5°C.¹ Last year, for the first time, we crossed the 1.5°C threshold recognized by many governments as a key metric for averting the worst impacts of global warming.² What is less commonly known is that, as things stand, scientists expect the rise in temperatures to accelerate year after year in the future (Figure 1).³

Figure 1: Rising global surface temperature for the period 1980–2019 compared to average temperature 1950–1979



Sources: Copernicus, Allianz Research

The causes of this global warming are well understood. Greenhouse gas emissions, particularly carbon dioxide (CO₂) from fossil fuel combustion, have upset Earth's delicate energy balance by trapping heat that would otherwise radiate into space. While natural carbon sinks like forests and oceans help absorb some emissions, their capacity to do so is diminishing due to deforestation, land degradation, and climate-driven disruptions.⁴

¹ [UNEP; World Meteorological Organization.](#)

² [UNFCC.](#)

³ [Taylor & Francis.](#)

⁴ [Royal Meteorological Society.](#)

The results are, unfortunately, dramatic. More energy in the atmosphere accelerates the water cycle, leading to less frequent but more intense rainfall, prolonged droughts, and reduced soil moisture. This results in greater erosion, depleted nutrients, altered vegetation, lower crop yields, and less nutritious food. Stronger airflows drive more intense storms, while disturbances in the jet stream create extreme weather patterns, including heat and cold anomalies. Rising CO₂ levels in the atmosphere lead to greater CO₂ absorption by the oceans, causing acidification. This weakens coral reefs, dissolves the shells of marine organisms, and disrupts entire marine ecosystems, threatening biodiversity and global fisheries. The influx of freshwater from melting glaciers and ice caps disrupts ocean circulation patterns, such as the Atlantic Meridional Overturning Circulation. This slowing of currents alters global climate patterns, potentially bringing colder winters to Europe, stronger tropical storms, and further destabilization of weather systems.

In economic terms, extreme weather events driven by climate change are causing widespread destruction of assets—homes, infrastructure, and industries—leading to systemic market devaluation and financial instability. To provide context, since the early 2000s, about one-third of natural disaster losses has been insured. As insurers struggle to cover escalating risks, entire regions are becoming uninsurable, triggering a breakdown in credit markets, mortgage availability, and financial services.⁵ Governments may attempt to step in, but the rising costs of disaster relief are already straining public budgets beyond sustainability.⁶ Adaptation offers limited solutions, as some risks—such as extreme heat or megafires—simply exceed human tolerance or economic adaptability. At 3°C of warming, irreversible climate impacts lock in, rendering insurance unworkable, public intervention unaffordable, and financial stability unattainable.⁷

In social terms, climate change triggers cascading social crises, including mass displacement and food and water shortages. Entire regions of the world become uninhabitable, forcing millions into migration and reinforcing geopolitical conflicts. Declining agricultural yields and freshwater scarcity drive food insecurity, malnutrition, and social unrest, disproportionately affecting vulnerable populations. In the worst cases, social cohesion deteriorates, fuelling resource wars, deepening inequality, and eroding global governance, making coordinated responses nearly impossible.

What needs to be done

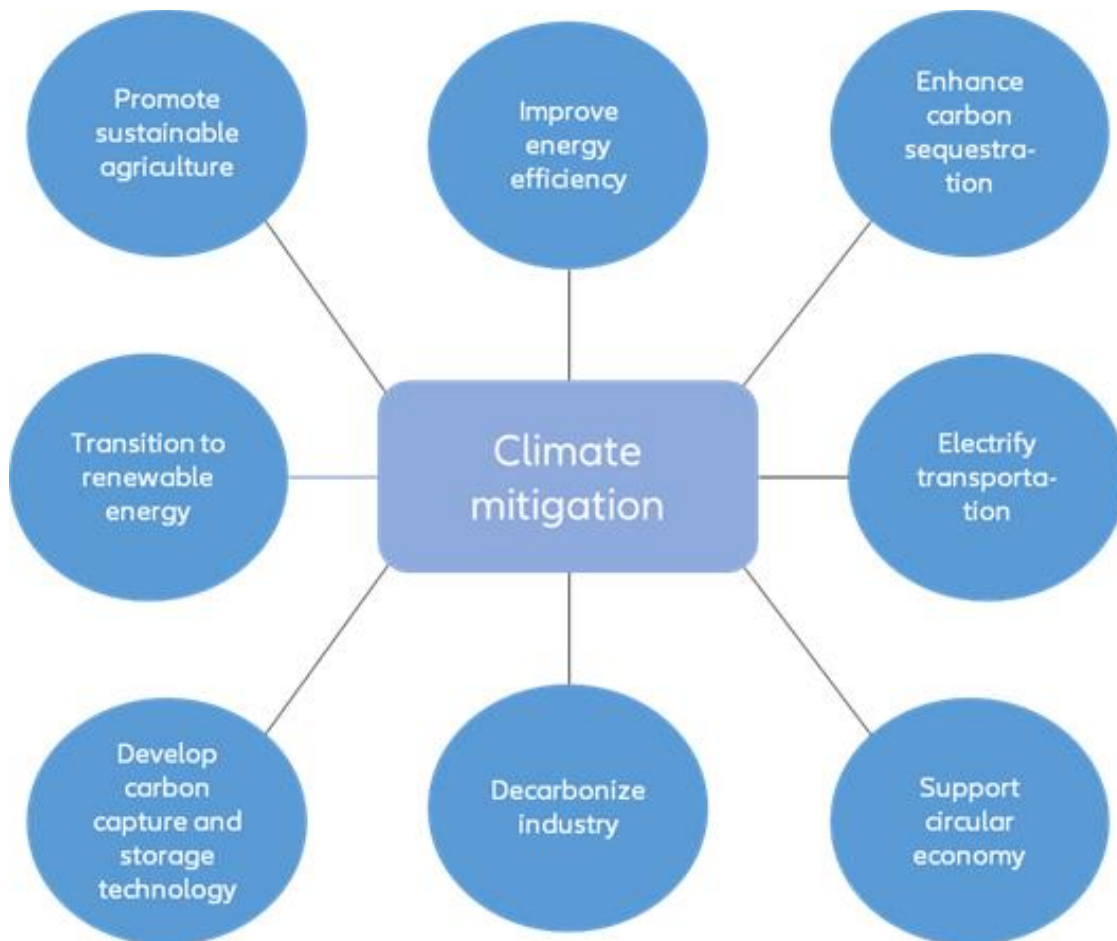
There are things we can do—things that we must do. Reducing emissions is the most effective way to mitigate climate change. This requires transitioning to renewable energy, improving energy efficiency, scaling carbon capture and low-carbon technologies, and promoting sustainable land use (Figure 2). Every sector—in particular energy, transportation, agriculture, industry, and construction—must contribute. Governments play a crucial role in this by implementing strong policies. These include for example phasing out fossil fuel subsidies, investing in clean energy infrastructure, setting emissions limits for industries, and stronger conservation policies, reforestation programs, and incentives for sustainable land use. Electrifying transport, improving building standards, and encouraging circular economy practices will further help reduce emissions. While companies and governments have significant power to implement large-scale changes, consumers hold substantial influence through their purchasing decisions and lifestyle choices. Systemic change can only happen if all actors work together.

⁵ [Munich Re; Digital Insurance.](#)

⁶ [Deutsche Welle; Al Arabiya; Allianz Research.](#)

⁷ [IPCC, Reuters; Earth Observatory.](#)

Figure 2: Strategies for climate mitigation



Even though a small number of countries are the main contributors to global emissions, it is essential for every nation to play a role in reducing emissions.⁸ The trajectory of carbon emissions differs considerably across nations. In 2024, the EU achieved a notable reduction in energy-related CO₂ emissions, decreasing by 2.2 % compared to the previous year. Similarly, the United States saw a modest decline of 0.5 %. In contrast, China experienced a slight increase of 0.4 % in emissions, while India recorded the most significant rise among major economies, with an increase of 5.3 %.⁹ Industrialized countries bear a greater responsibility due to their historical emissions and should lead the transition, while supporting developing nations.

The biggest levers for corporate climate action lie with the largest corporations in particular in carbon intense industries. Indeed, a recent report shows that 36 companies are responsible for over half of global fossil fuel and cement CO₂ emissions.¹⁰ It is these large corporations that shape global supply chains and can lead on the investments in green technology.

For many regions, transitioning to a low-carbon economy is not just a necessity but a major opportunity. China, for example, is investing heavily in renewable energy and electric vehicles, positioning itself as a global leader.

⁸ [Emissions Database for Global Atmospheric Research](#).

⁹ [IEA Global Energy Review 2025](#).

¹⁰ [CarbonMajors / InfluenceMap](#) The CO₂ emissions in the database accounted for 80.3 % of global fossil fuel and cement CO₂ emissions in 2023.

The EU, however, faces an economic challenge—without rapid transformation, especially in energy, it risks losing its competitive edge. Embracing clean technologies and innovation will help regions secure long-term economic prosperity while mitigating climate risks.

Alongside mitigation measures, adaptation is the second crucial lever in addressing climate challenges. Imagine: You step outside, enjoying the warm, sunny weather, when you suddenly become aware of an approaching storm. You've been meaning to repair your back gate and invest in storm shutters but haven't got around to it yet. This situation highlights the importance of climate resilience in practice, as we face an increasing frequency of extreme weather events and may not be adequately prepared for their impacts.








On a broader economic and societal level, resilience planning is equally vital. A major storm can wreak havoc, destroying homes, crippling energy and transportation infrastructure, and devastating farmers by ruining their crops. Beyond the loss of homes, such events can lead to food scarcity, supply chain disruptions, and sanitary crises. Understanding the implications of various extreme weather events and identifying significant vulnerabilities is crucial. By assessing these scenarios, we can better prepare and adapt to them.

The increasing public and political awareness of climate impacts and risks has led to the incorporation of adaptation strategies in the climate policies and planning processes of most countries and numerous cities. Adaptation efforts can yield a range of additional benefits, including enhanced agricultural productivity, improving health and well-being, ensuring food security, supporting livelihoods, and conserving biodiversity, while also reducing risks and damages. The majority of adaptation measures focus on addressing water-related risks and impacts. For instance, in the case of inland flooding, a combination of structural measures such as dams and non-structural measures such as early warning systems can effectively minimize damages and loss of life. However, with global warming further accelerating, damages and losses will increase, and adaptation limits will be reached. Therefore, it is crucial that adaptation and mitigation efforts work in tandem to effectively address climate change.

How Allianz is contributing

Allianz is doing its part. Allianz has significantly advanced its sustainability integration efforts. Central to Allianz's sustainability strategy is its comprehensive Net-Zero Transition Plan, which underscores the company's commitment across operations, insurance, and investment. The plan includes ambitious targets, such as a 45% reduction in emission intensity across multiple lines of its corporate insurance business by 2030, and a 30% reduction in carbon emissions for the retail car insurance portfolio in nine key European markets within the same timeframe. These targets are measured against a 2022 baseline and reflect Allianz's dedication to achieving net-zero emissions by 2050.

Figure 3: Allianz Net-Zero Transition Plan (published in 2023)

Our plan	Committed to contribute to limiting global warming to 1.5°C in the year 2100						Net-zero GHG emissions by 2050 for Proprietary Investments & P&C Insurance				
	-65% operation emissions/employee by 2030 (now brought forward to year-end 2029)		-50% investment emissions by 2030		2030 Intermediate Targets for Own Operations			-45% emission intensity in corp. P&C portfolio by 2030		-30% absolute carbon emissions in motor retail portfolio by 2030	
Key actions in operations	100% electric fleet by 2030 100% renewable electricity by 2023			100% of global framework vendors in supply chain with public Net-Zero commitment by 2025		Sustainable heating and cooling			Sustainable Aviation Fuel purchase for air-travel emissions		
Key actions in our portfolios	1.5°C-aligned emission targets for real estate, oil & gas, steel, utilities		Increase investments in Low-carbon solutions by 20bn EUR			Engagement of asset managers and key emission-intensive investee companies			Climate stress testing of portfolios with results being publicly disclosed		
	+150% revenues from Low-carbon solutions in Commercial PD & BI coverages		Engage with 20mn motor retail customers to support transition to electric mobility		Client incentives for reducing emissions in motor retail		Offer sustainable solutions for all market segments to support transition of economies and communities				
Key offerings from our asset managers	PIMCO: four pillars to help clients to decarbonize their portfolios: reduce carbon intensity, invest in climate leaders, support climate solutions, influence change					AllianzGI: climate thematic and impact-driven opportunities such as green bonds and climate transition equity and private markets renewable energy investments					
Our wider influence on society	Public and private advocacy for 1.5°C			Corporate guideline to align Group-wide advocacy with 1.5°C		Working on public data and tools on climate, e.g., via Open-Source Climate			Leading role in UN-convened Net-Zero Asset Owner Alliance		
Governance and disclosure	Climate change governed by Board of Management and Supervisory Board		Annual climate disclosure as part of Sustainability Report since 2017		Annual and Sustainability Report assured by independent third party		Board of Management remuneration tied to achievement of climate targets				

Allianz also actively pursues insurance and investment opportunities to support solutions that address environmental and social challenges, and in particular, we are increasing our support for low-carbon solutions. Allianz offers a variety of insurance products to support low-carbon solutions and sustainability, and mitigate environmental risks. These include renewable energy insurance, which covers solar and wind energy projects; electric & hybrid vehicle insurance, which incentivizes the adoption of low-emission cars; environmental liability insurance to help businesses manage environmental risks; and green building coverage that supports sustainable reconstruction using eco-friendly materials. In 2024, sustainable (P&C) solutions generated nearly €5 billion in revenue, including a revenue growth in low-carbon solutions of 25 % compared to the baseline in 2022, driven by expansion in onshore wind, solar, and battery manufacturing for electric vehicles. These initiatives reflect Allianz's commitment to integrating sustainability into its insurance offerings as part of its focus on promoting a low-carbon economy.

In addition, Allianz's sustainable investments rose to over € 170 billion in 2024, including over € 43 billion allocated specifically to low-carbon solutions. Key investments include over 100 wind and solar farms worldwide, such as stakes in the Hollandse Kust Zuid offshore wind farm in the Netherlands and the He Dreiht offshore wind farm in Germany, which will supply clean energy to 1.1 million households. The company also invests in green hydrogen and ammonia projects to help decarbonize industries. Looking ahead, Allianz plans to continue investing in climate and cleantech solutions, reinforcing its commitment to accelerating the global transition to a low-carbon economy. The company's stewardship activities—led by Allianz Investment Management, Allianz Global Investors, and PIMCO—also expanded, with corporate engagements on sustainability, including climate change, reaching over 1,300 portfolio companies.

Achieving our net-zero commitment is contingent upon multilateral efforts with public policy and the real economy, as the necessary changes require widespread support. Our net-zero commitment and ability to

implement decarbonization actions depend significantly on governments fulfilling the ambitious goals of the Paris Agreement through swift, stable, and reliable public policies, action plans, and regulations. This includes the need for adequate frameworks and market incentives to enable the transition of the global economy along 1.5°C pathways. The private sector needs to play an important role in supporting actions toward this transition. In pursuit of this, we actively engage with policymakers and regulators to support sustainable financing and achieve the goals outlined in the Paris Agreement.

Finally, Allianz has distinct capabilities to research and assess extreme weather events and climate change risks, as well as to provide financial solutions for global climate adaptation. Our expertise involves utilizing extensive loss data accumulated over decades and committing substantial capital to high-impact adaptation and resilience initiatives, e.g. supporting homeowners and business clients in assessing their risks with [CAREs](#) or [GloRIA](#). One of the key objectives of our Sustainable Solutions framework is providing incentives for risk reduction, encouraging customers to protect themselves or their assets against the adverse effects of climate change, thereby driving a positive impact on climate change adaptation.

Conclusion

The urgency of addressing climate change and environmental degradation has never been clearer. Societies that are polarized, ecosystems that are collapsing, and erratic water cycles caused by increasing atmospheric temperature all contribute to a growing sense of risk. When we look at the state of the planet's health, the situation becomes pressing. Risks to economies and societies escalate, creating a world where managing financial risk becomes increasingly difficult and, ultimately, impossible.

As a financial institution, Allianz recognizes that integrating sustainability into decision-making processes is no longer optional but essential. The health of the planet is intricately linked to the stability of the financial system, and non-sustainable societies and economies are inherently risky. The insurance sector's ability to offer effective risk management and risk prevention services is contingent upon maintaining a stable and predictable environment. It is in the best interest of global insurers and investors, as well as the broader community, to help steer economies and societies toward sustainability to ensure that the financial system can function effectively and drive value in the long term.

Allianz's commitment to sustainability is not solely about safeguarding short-term business interests, though it undeniably contributes to that. Through Allianz's sustainability efforts, the company also takes responsibility in driving societal and economic transformation toward sustainability. By adhering to these principles, Allianz helps foster the long-term resilience of the financial ecosystem. In doing so, Allianz is not only positioning itself as a forward-thinking institution but also contributing to a global movement toward sustainability. This commitment ensures that Allianz is part of the solution—helping to create economies that are resilient to climate risks and fostering a healthier, more sustainable future for all.