

## DISCLOSURE

# STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

**Financial market participant:** Allianz Hungária Zrt. LEI: 52990034RLKT0WSOAM90

## Summary

Az Allianz Hungária Zrt. (LEI: 52990034RLKT0WSOAM90, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Allianz Hungária Zrt.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

*The concept of Principal Adverse Impact (PAI) is described in the EU Regulation on sustainability related disclosures in the financial services sector (SFDR) regulatory technical standards: "Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters."*

## Reporting scope

In view of the scope of application of SFDR including "insurance undertakings which make available an IBIP", but not also P&C insurer, the quantitative disclosure under Art. 4 SFDR refers to the Life-Health portfolio of Allianz Hungária Zrt.

The following disclosure under Art. 4 SFDR refers to the proprietary investments of Allianz Hungária Zrt. Proprietary investments cover all insurance investment assets, excluding assets for which the investment decision is made by the customer. While Allianz Hungária Zrt. is involved in the fund selection process for unit-linked insurance products, the customer makes the investment decision for a specific product and hence, explicitly or implicitly chooses the funds to invest in, not Allianz Hungária Zrt.

(The processes and policies described in the qualitative part of this disclosure refer to Allianz Hungária Zrt. Property & Casualty products alike.)

Allianz Hungária Zrt. considers principle adverse impacts of its investment decisions with respect to insurance investment assets<sup>1</sup> and Allianz Group 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 such as greenhouse gas (GHG) emissions, biodiversity loss, water stress, hazardous waste and toxic emissions treatment, human rights violations, health & safety, adverse community impacts, bribery and corruption are taken into account through various methods such as exclusions, detailed investment guidelines, short-term and long-term reduction targets, and engagement. To identify and assess principle adverse impacts Allianz Group takes several indicators into account depending on their materiality for the respective investment. Furthermore, Allianz Group has made several commitments to strategic initiatives related to climate change, amongst other topics, which strengthen our approach to mitigate potential adverse impacts.

## Description of the principal adverse impacts on sustainability factors

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<sup>1</sup> Please note that this does not extend to the investment decisions with respect to the underlying investments of unit-linked products, as those are made by the customer, not the insurance undertaking.

### General explanatory notes

For investee company PAI metrics: Percentages or investor allocation per million EUR invested are calculated with reference to the entire Life-Health proprietary investments (without unit-linked investments) held by Allianz Hungária Zrt., where the denominator also includes cash and cash equivalents as well as derivatives<sup>2</sup>. The calculation logic aims at aligning the figures in the table with our disclosures on sustainable investments and EU Taxonomy aligned investments, which are also communicated as a share based on the entire proprietary investments (in market values). The calculation approach likewise seeks to enable customers to better compare the disclosed principal adverse impacts on sustainability factors in line with rational (7) of SFDR RTS.

The PAI metrics are calculated as the average of impacts on 31 March, 30 June, 30 September and 31 December 2022. For the calculation, the latest available data on PAI is used at each quarter end date to reflect the sustainability data available at the point of investment decision making. For the first reporting on 2022 data, a partial data update was received from data providers in May 2023. This data was backfilled to avoid baseline reporting on outdated data. Despite engaging with Allianz Group's data providers, there remains at least one year time-lag on most quantitative datapoints. PAI consideration is a continuous process throughout the year, including due diligence for new investments. For PAI reporting, due to the static nature of PAI data for not listed investments, data updates are in most cases provided yearly and forward-filled for not listed investments. Allianz Group is in continuous discussions with its internal and external asset managers as well as data providers to address data gaps and broaden the understanding of potential adverse impact.

While the regulatory technical standards suggest the use of year-end EVIC, it is deemed reasonable for the calculation of metrics based on the investor allocation approach to recalculate the EVIC<sup>3</sup> quarterly with the share prices at quarter ends so that the denominator (EVIC) is aligned with the numerator (value of investment in investee companies). As the EVIC is based on the book value of total debt likewise the nominal value of the fixed income investments in investee companies is used for the investor allocation approach PAI metrics. The different EVIC components (Company Market Cap, Preferred Stock, Non-Redeemable (Net), Total Debt, Minority Interest) are sourced from the Refinitiv Eikon database. If these components are not available from Refinitiv, EVIC data from MSCI is used instead. If the necessary data is still not available, the company's market cap from MSCI is used instead of EVIC.

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<sup>2</sup> In line with the [ESA Q&A \(17.11.2022\) I.2.](#)

<sup>3</sup> Enterprise value means the sum "market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents." SFDR RTS p.38