DISCLOSURE

STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Financial market participant: Allianz Hungária Zrt. LEI: 529900IJSHSLTES6PQ72

Summary

Allianz Hungária Zrt. (LEI: 529900IJSHSLTES6PQ72) 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 2023.

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

The following disclosure under Art. 4 SFDR refers to the proprietary investments of Allianz Hungária Zrt. Proprietary investments are defined for this statement as 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.

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 process 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 proprietary investments[1] and has a robust framework in place to identify and assess those impacts. Key internal policy documents are defining and governing this investment approach, which is rooted in four fundamental convictions:

- Match liabilities: We invest long-term, driven by the profile of our liabilities.
- Capture opportunities: We provide capital to sustainable business models because we believe these will deliver better returns in the long run.
- Manage material risk: We are committed to managing material sustainability risks for our portfolio.
- Manage impact: As a long-term investor, our decision-making process includes assessing and managing the impacts of our investments on the environment and society.

Our business can only be successful if we respect planetary boundaries and contribute to people being able to live a decent life. 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[2], detailed investment guidelines, short-term and long-term reduction targets, and

[1] 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.

[2] Please note that the exclusions for proprietary investments do not apply to index-linked instruments, index-linked structured products, and seed money. Moreover, for mutual funds we apply the exclusions on a best effort.

engagement. To identify and assess principle adverse impacts we take several indicators into account depending on their materiality for the respective investment. We strive to implement best practices across all asset classes, guided by the recommendations of leading sustainable investor organizations such as the Principles for Responsible Investment (PRI) and the Institutional Investors Group on Climate Change (IIGCC). At the same time, the world is changing fast, and our ambition is to shape the direction of travel through our contributions to partnerships. Allianz 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

General explanatory notes

For investee company PAI metrics: Percentages or investor allocation per million EUR invested are calculated with reference to the entire proprietary investments. The denominator also includes cash and cash equivalents as well as derivatives[3]. The calculation logic aims at aligning the figures in the following 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 and 2023. For the calculation, we use the latest available PAI data at each quarter end date to reflect the sustainability data available at the point of investment decision making. Despite engaging with our 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 until the next data update for not listed investments. We are in continuous discussions with our internal and external asset managers as well as data providers to address data gaps and broaden our understanding of potential adverse impact.

For measuring and steering the decarbonization of our portfolio, and for our sustainability reporting, we calculate the emissions attributed to an investment in our portfolio by computing the fractional share of the respective company's total GHG/water/waste emissions relative to the amount of the company that we 'own'. This is determined by the ratio of our exposure in the company (equity or bond) and the company's total enterprise value including cash[4] (EVIC), multiplied with the company's total emissions. While the regulatory technical standards suggest the use of year-end EVIC, we deem it reasonable for the calculation of metrics based on the investor allocation approach to recalculate the EVIC quarterly with the share prices at quarter ends so that the denominator (EVIC) is aligned with the nominator (value of investment in investee companies). As the EVIC is based on the book value of total debt we likewise use the nominal value of our fixed income investments in investee companies 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, we use the company's market cap from MSCI instead of EVIC.

---

[3] In line with the ESA Q&A (17.11.2022) I. 2.

[4] 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