Responding to Emerging Risks:

Together we are all in - from A to Z

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Allianz Commercial

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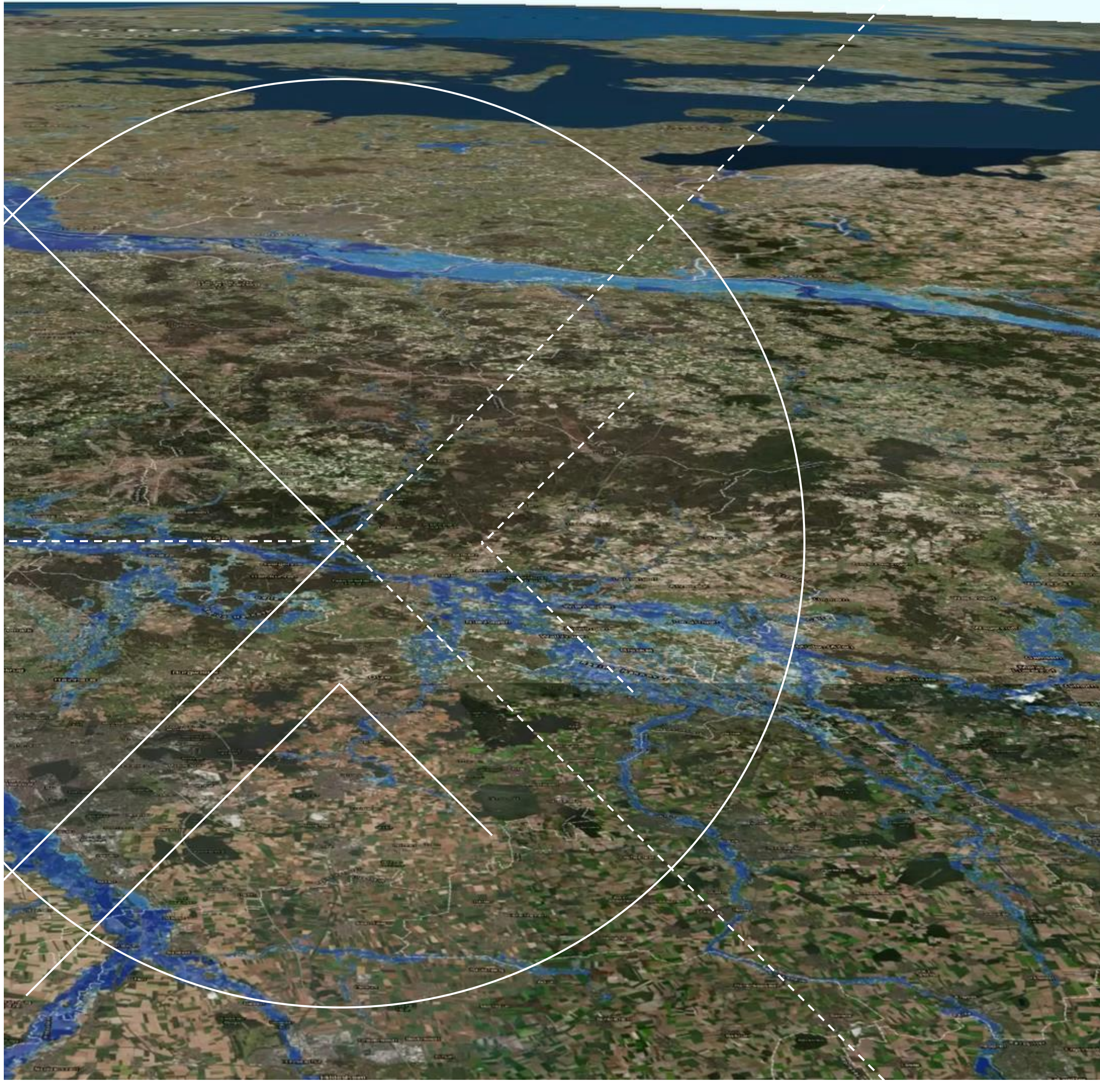

Agenda

1 Changing Risk Landscape

2 Allianz Commercial Client Solutions

3 Q&A

01

The Changing Risk Landscape

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To what extent do you think **climate change has already affected natural catastrophe insurance losses** over time ?

1) not at all
2) minor extent
3) large extent

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BUT: The Risk Landscape is Changing —Are we Ready for it?

The world is evolving—and so are the risks:

More extreme and frequent weather events

Strong — Scientific consensus on climate change impact — Limited

Heat waves

- Strong increase of temperatures
- Stronger Heatwaves
- More/larger wildfires, esp. western US

- Wildfires (US, e.g. California, Australia, Portugal, Greece)
- Record in burnt areas & record breaking losses in recent years

Heavy Precipitation

- Warm air can hold more moisture
- More heavy precipitation events, esp. US and Europe

- Germany (2021)
- Australia (2022)
- Record precipitation amounts
- Precipitation events with previous low likelihood become more frequent (US, 2022)

Tropical storms

- Small changes in frequency
- Potential of strong storms is increasing

- Hurricane Harvey (US, 2017)
- Hurricane Florence (US, 2018)
- Typhoon Hagabis (JP, 2019)
- Record precipitation amount in US and Japan

Hail/Tornados

- Difficult to assess trends due to lack systematic observations
- Studies suggest increase of hail events in Europe

- Hail Andreas (2013) Most expensive hail storm in Germany (EUR 2.8 bn)

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BUT: The Risk Landscape is Changing —Are we Ready for it?

The world is evolving—and so are the risks:

More extreme and frequent weather events

Almost 90% of businesses experience supply chain disruption

Cyber risk: ransomware demand increasing: USD 200K to 2.3M

New regulations are adding additional burden

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BUT: The Risk Landscape is Changing —Are we Ready for it?

The world is evolving—and so are the risks:

Many businesses are looking for more than insurance—they're looking for insights and partnership. Yet, many risk services in the market today are still reactive, fragmented, and technical.

→ We aim to create more strategic partnerships in resilience with our clients

02

Allianz Commercial Solutions

Introducing Climate Adaptation & Resilience Services - CAReS

Watch the introductory video

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Secure Your Future by Understanding Climate Risks and Strengthening Your Resilience

CAReS translates physical climate risks into financial and physical loss metrics at portfolio and asset level and helps businesses to manage these risks with bespoke resilience consultancy.

Protect your critical assets: Prioritize resilience investments at high-risk locations

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Support disclosures: Adopt best practices aligned with regulatory requirements

Assess investments: Evaluate exposure and risk in investments and M&A

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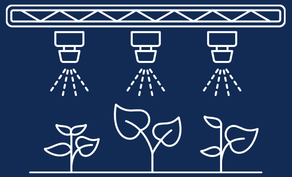
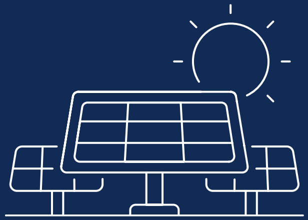
No Industry is Immune

Commercial Property



Agribusiness

Transport



Energy

Infrastructure

Hospitality

The financial impact

Commercial Property

- Insurance costs for U.S. commercial buildings could increase from $2,726/month in 2023 to **$4,890/month** by 2030 (Deloitte).[1]
- In 2022 alone, extreme weather caused **$313 billion** in global economic losses (Reuters).[2]

Agribusiness

- Floods in western Spain caused over **€1.089B ($1.152B)** in damage to orange and persimmon crops *(Earth.Org)*.[3]
- Drought in Brazil, affecting nearly 60% of the country, drove coffee prices to a **50-year high** *(Earth.Org)*.[4]

Transport

- Climate-related disruptions could cost the global shipping industry up to **$25 billion** by 2100 *(US Environmental Defense Fund)*.[5]
- In summer 2023, severe weather on the U.S. East Coast led to **1,300+ flight cancellations** and **5,700+ delays** *(Reuters)*.[6]

Energy

- Climate-related disruptions to energy systems could cost between **$4.7-8.3 billion** annually by 2090 *(U.S. EPA)*.[7]

Infrastructure

- Global disasters are resulting in **$732-845 billion** in annual losses to infrastructure and buildings, equivalent to **14% of global GDP growth** in 2022 *(CDRI)*.[8]

Hospitality

- Tropical cyclones can cause **both immediate and long-term losses**, from damaged lodging units and lost tourism revenue to higher insurance premiums and property taxes. *(Hospitality Investor)*.[9]

Let's shape your resilience, together.

What’s at Stake for Commercial Property?

The challenge

Climate change is driving more frequent and intense weather events that can damage buildings, raise repair costs and disrupt business operations. Unpredictable weather patterns can also diminish property desirability and value, leading to financial instability for owners and investors.

How Commercial Property is affected

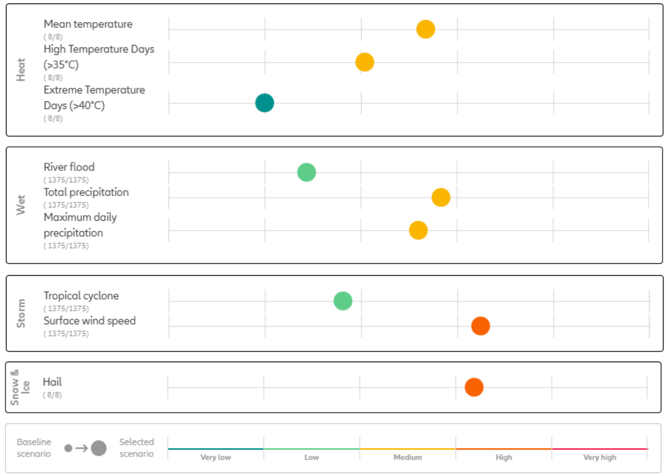
- **Hail:** Damages roofs and facades → Higher maintenance costs
- **Heavy rain:** Overloaded drainage and water damage → Necessitates infrastructure upgrades
- **Extreme heat/cold:** Causes wear and tear → Requires frequent maintenance and repairs

Critical Commercial Property Assets

1 Office buildings, 2 Warehousing, 3 Factories, 4 Undeveloped land.

Background image: York University (2021)

Perform climate risk assessment over time for key perils:



Access tailored consulting services:

- Vulnerability assessments.
- Risk reduction and mitigation strategies.
- Financial loss quantification.

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Future Proofing our Clients – Together

Avoid maladaptation

Firm exposed to heavy rain

… implemented dam beams against rain runoff

But:

They did not consider ventilation openings and backflow from sewer system

→ During heavy rain event, damage occurred as rain runoff entered building though the sewer system & the ventilation opening

Encourage a holistic adaptation plan

… assesses climate risks across perils
… analyses vulnerability
… defines protection objectives
… develops protection concept

As part of renovation, holistic concept was implemented:

watertight doors, flood protection walls, backflow prevention, behavorial measures

→ No damage occurred

DEMO

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How CAReS stands out from its competitors?

Co-created with clients

Developed with our clients – tailored to their requirements.

Vulnerability assessment

The vulnerability self-assessment helps clients understand their susceptibility to damage and plan smarter resilience investments.

Self-service web platform

Flexibility to upload your locations (insured, suppliers, investments, etc.) and provide access to users across the client organization.

Tailored consulting services

Access to our experts to help clients put the right risk mitigation measures in place.

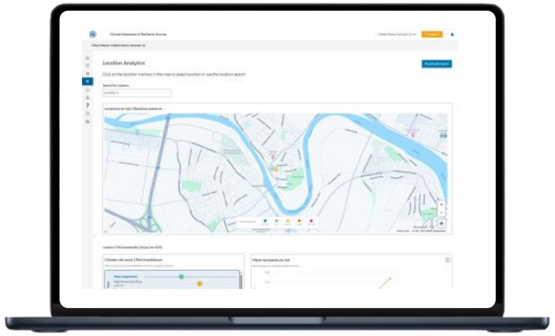
Reports and raw data

Automated reports and raw data offer physical and risk metrics that seamlessly integrate with your risk and sustainability KPIs.

Flexible pricing tiers

Pricing based on number of locations and the client specific needs.

CAReS is a holistic solution that empowers clients to proactively manage climate risks, limit potential disruptions, and stay ahead in their resilience journey.



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Introducing SMART

SMART
Self-Assessment Risk
Management Tool

Helping organisations to make informed, risk-based decisions

An innovative platform providing data-driven risk profiles for strategic locations

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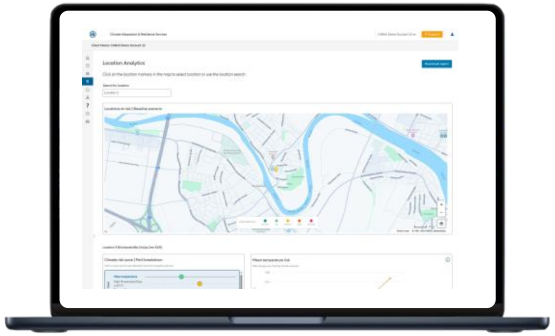

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Introducing SMART

1. Complete an objective questionnaire
2. Locations receive a risk score (-10 to 10)
3. Rank and compare locations
4. Develop optimized risk management strategies
5. Make informed investment decisions

VIDEO

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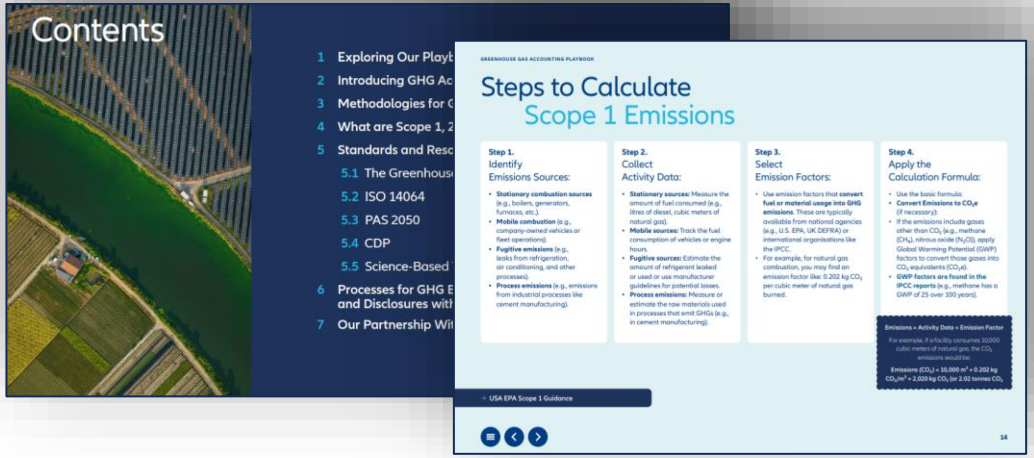
Supporting our Clients in Accounting their GHG Emissions through Dedicated Services

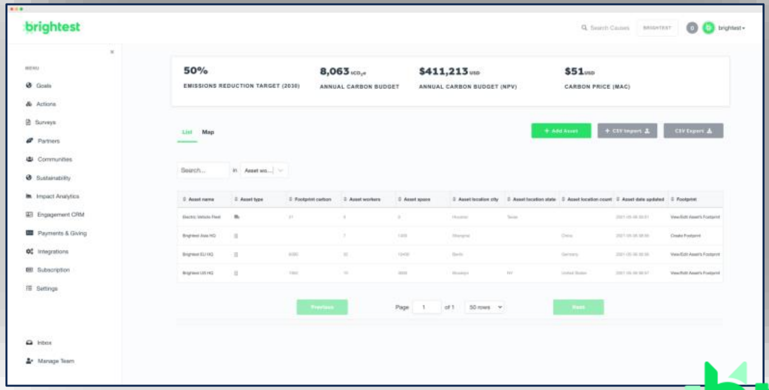
GhG Accounting Playbook

Toolkit to help measure carbon footprint, set reduction targets and implement strategies to reduce emissions



Collaboration with Brightest

Partnership with **Brightest** to provide clients with discounted **access to greenhouse gas accounting services**



brightest

- ✓ Facilitate emissions measurement
- ✓ Help manage regulatory risks
- ✓ Identify inefficiencies in energy use

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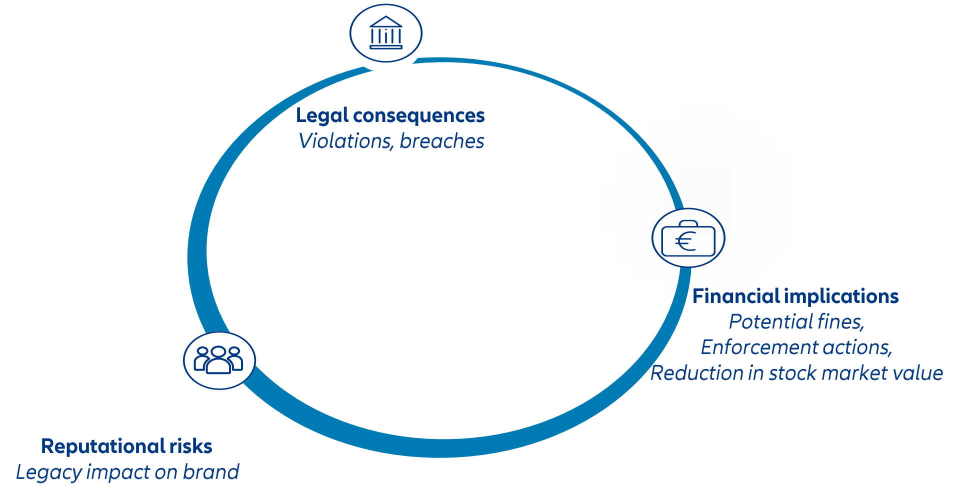
Sustainability Advisory Solutions Leveraging on Technical Expertise from External Partners

Voluntary Carbon Markets (VCM)

Partnership with **Sylvera** to provide clients with service to **rate purchased voluntary carbon offsets and help determine how these will perform against their net zero ambitions**.

ESG-related D&O advisory

Partnership with **Clyde and Co** to provide clients with pilot 1:1 training to **understand and mitigate ESG litigation risks, with a focus on greenwashing.**



03

Q&A

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We Continue to Develop our Services

Please use the QR code

Which of these services are you most interested in?

1. Supply Chain Analytics
2. Biodiversity & Natural Risk Analysis
3. New Investment Analysis
4. Sustainability Reporting
5. Other(please specify in chat!)

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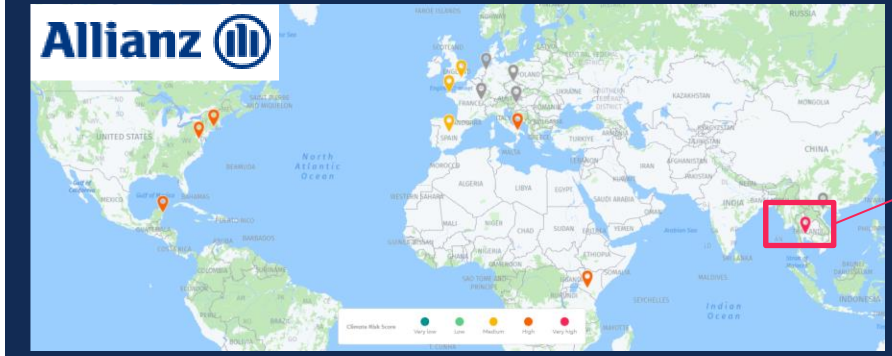
Nature-related risk & opportunity

Pilot only

	Phase 1: Screen	Phase 2: Deep dive
	Internal Allianz biodiversity hotspot screening	**External plot-based biodiversity assessment**
		
What	**Screening of biodiversity hotspot, impacts & dependencies** across all your locations. **Output: PDF & excel**	**Deep dive** biodiversity assessment for single location (plot-based). **Output: site specific pdf/ monitoring tool**
Why	**Identify priority locations** for deep dive assessment	**Per location**: **Monitor progress** towards biodiversity targets
How	**Desktop based screening: client location** overlay with biodiversity data for a **biodiversity risk hotspot screening**	**Technology based assessment:** On site (e.g. using bioacoustics) and/or satellite imagery that **measures and tracks biodiversity progress towards target**
For	**Corporates in non- material sectors & EU-based listed clients with CSRD reporting needs**	**Corporates after finalizing Phase 1; those in material sectors or with material supply chains**

Thank you!

Together
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Contact:
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