

# Allianz advocates for reliable global data sets enabling action on environmental matters

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*This case study is the third in a series produced by the World Economic Forum that aims to shed light on how preparers are approaching the challenge of reporting against the new Standards of the IFRS Foundation's International Sustainability Standards Board (ISSB). The case studies, based on interviews with high-level executives, will make the case for the benefits to companies of applying the Standards and integrating the disclosures into mainstream reporting.*

## 1.1 Introduction

Allianz is the world's biggest insurance company and the largest financial services company in Europe. Headquartered in Germany, the company employs 155,000 people and serves 125 million private and corporate customers in almost 70 countries. In 2023, the company turned over €161 billion and had €2.4 trillion of assets under management.

The company has reported on sustainability-related topics for more than 20 years. To date, it has disclosed its sustainability data in both its mainstream annual report and in a dedicated sustainability report using the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Standards for the insurance and asset management industry. However, from 2024 onwards, Allianz is required to report in line with the European Union's [Corporate Sustainability Reporting Directive \(CSRD\)](#). This will prompt the company to drop its separate sustainability report and include a sustainability statement as required by the CSRD in its annual report. This statement will be around 150 pages long, almost doubling the length of the annual report. In parallel, the company will publish a short document summarizing the key messages of its sustainability statement.

In 2023, the IFRS Foundation's International Sustainability Standards Board (ISSB) finalized its first two standards, which aim to help companies provide decision-useful sustainability-related financial information to investors. For this article, we interviewed Allianz's Jonathan Loewens, Group Accounting at Allianz Group, to understand how the company is approaching the task of mandatory sustainability reporting and to learn lessons for companies looking to report in line with both the European Sustainability Reporting Standards (ESRS) and the ISSB Standards.

“ **The same governance bodies in Allianz sign off our sustainability statement at the same level of reasonable assurance as our financial report – there is no difference in approach.**

Jonathan Loewens, Group Accounting at Allianz Group

This article considers the following key questions:

- What are the challenges in obtaining reliable data on sustainability-related matters?
- How do you go about identifying and obtaining information from the value chain?
- How do you ensure that your sustainability-related data is reliable, complete, timely and decision-useful?

Following a summary of key takeaways, the article opens with a brief look at Allianz's sustainability-related goals and targets, addresses some of the challenges and solutions related to the key questions above, and closes with reflections on what the company has learned from the reporting process and what advice it offers newcomers to sustainability reporting and disclosures.

## 1.2 Key takeaways

- Allianz's climate goals include, for example, 2030 intermediary targets to reduce emissions from operations by 65% and proprietary investments in listed equity and corporate bonds by 50% (compared to 2019). For 2050, the company has a 1.5°C-aligned commitment for net-zero greenhouse gas (GHG) emissions for its proprietary investments and P&C insurance business.
- Allianz's sustainability statement is signed off at the same level of reasonable assurance as its financial report.
- Challenges the company faces in obtaining sufficiently reliable, timely and useful data arise from a lack of:
  - an agreed global sustainability baseline or reporting standards
  - methodologies for relevant asset classes (e.g. asset-backed and mortgage-backed securities)
  - consistent sector-specific guidelines for the insurance industry
  - reliability and assurance for complex data on nature and biodiversity
- Additional challenges specific to scope 3 reporting include: the time-lag in data reporting by investees and value chain partners; and poor data availability for SMEs.
- When reporting value chain emissions, Allianz follows a clear hierarchy in sourcing data that is as robust and trustworthy as possible: starting with primary data collection (from its investees), then reported data (e.g. by listed companies), followed by sector and country data (e.g. aggregated by UNEP FI), ratings information and, lastly, estimates and proxies (e.g. sector-averages).
- Allianz requests data on emissions as a contractual requirement with a wide range of suppliers and asset managers to improve the timeliness and reliability of its scope 3 data, an approach particularly relevant for its investments through non-listed companies. Allianz also requests certifications from its third-party data providers.

### Learnings include the following:

- One of the priorities is a standardized global baseline for sustainability reporting – until then, regulators must ensure that existing standards are as interoperable as possible.
- The shift from limited to reasonable assurance of sustainability data has been a major change, but it is important to help strengthen management decision-making as well as reliability of reporting.
- The market must be able to rely on what companies are reporting. To align sector-specific reporting better, the ISSB, GRI and EFRAG should evaluate information needs based on systematic analysis of reporting practice over a reasonable time period.
- Advice for companies looking to improve their sustainability reporting: adopt a clear prioritization logic on data selection; apply the same rigour in sustainability reporting as for financial reporting; engage with stakeholders to benchmark and challenge corporate viewpoints; and improve in-house literacy in sustainability reporting.

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## 1.3 Climate goals and targets

Allianz has had a climate change strategy in place since 2005 and published its first comprehensive Net-Zero Transition Plan in 2023. The company has committed to a science-based, 1.5°C-aligned target to achieve net-zero emissions by 2050, which covers not only its proprietary investments but also its property and casualty (P&C) insurance business.

Allianz's climate goals also include 2030 intermediate targets to reduce emissions from operations by 65% and proprietary investments in listed equity and corporate bonds by 50% (compared to 2019). The company was one of founding members of the UN-convened [Net-Zero Asset Owner Alliance](#), which now counts 89 members with published intermediate targets.

## 1.4 Challenges obtaining reliable, timely, useful data on sustainability

Allianz's Jonathan Loewens is clear on Allianz's uncompromising ambition to elevate the quality of its sustainability reporting: "We want to have our sustainability data on the same level as financial data, treat it like financial data and have the same level of assurance as we obtain over financial information." Achieving this will require raising the bar on data assurance from "limited" to "reasonable".

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Jonathan Loewens, Group Accounting at Allianz Group

As a data-driven company, getting reliable data is "super important" and Loewens prioritizes securing both "the facts behind the figures and the figures behind the facts". Challenges in securing this data include the following:

- **Lack of global sustainability reporting standards:** The historical lack of global reporting standards, or well-established and consistent system for assurance over sustainability information makes it difficult to ensure that data is reliable, consistent and, critically, comparable across different countries and industry sectors.
- **Lack of methodologies for certain asset classes:** Insurance companies deal in asset classes such as asset-backed securities (ABS) and mortgage-backed securities (MBS). However, a lack of methodologies on how to assess the greenhouse gas emissions arising from ABS and MBS, as well as from the loans and assets that lie behind those securities, means that Allianz is not able to provide the full picture on the sustainability-related risks and opportunities associated with these products. "This must evolve over time," says Loewens.
- **Lack of consistent approaches to sector-specific guidelines for company reporting:** Disclosure requirements in many sustainability-related areas are yet to mature. "In the context of mandatory reporting obligations, we are still in the early stages of reporting and there a lack of consistent approaches to how an insurance company should report on emissions or other sustainability matters," says Loewens.

“ In the context of mandatory reporting obligations, we are in a sector-agnostic phase of reporting and sector-specific clarifications are not yet there.

Jonathan Loewens, Group Accounting at Allianz Group

**Different levels of data complexity and assurance by topic:** Sustainability reporting is in transition, with different levels of data reliability depending on the topic. Companies have been seeking assurance over specific data points, such as greenhouse gas emissions, for some time, and auditors have become more adept at auditing these areas. The introduction of mandatory assurance requirements, as seen with the European Sustainability Reporting Standards (ESRS) adopted in July 2023 under the CSRD, now extends assurance to sustainability disclosures as a whole. However, "for other topics beyond climate, especially nature-related issues, there are fewer reliable data points available at this point in time and the audit procedures are still emerging," says Loewens.

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## 1.5 Identifying and obtaining information about the value chain

### Start by defining your value chain

The ISSB's IFRS S1 standard requires companies to disclose sustainability information about their value chain. As with many companies, the sustainability impacts within Allianz's own operations, including emissions arising from self-used buildings and employees, are of lower magnitude than its downstream value chain. The company's downstream value chain covers insurance (including life and health (re)insurance and property and casualty (re) insurance), proprietary investments and asset management (third-party investments business).

## Build a picture by prioritizing the best data sources

Given the diverse nature of Allianz's value chain, the company leverages various data sources to gather the most objective, precise and complete data it can. The company follows a clear hierarchy in terms of reliability and stability to ensure the data it obtains is robust and trustworthy. Sources include the following:

- **Primary data collection:** Asking investees for their specific, primary data is an important source for obtaining relevant information from the value chain.
- **Reported data:** Allianz prioritizes data reported by listed companies and prepared in line with the EU's Sustainable Finance Disclosure Regulation (SFDR) which requires financial institutions to report on any "principal adverse impacts" (PAI) arising from their activities.
- **Sector and country information:** Where reported data is not available, Allianz uses sector and country information, for example data aggregated from authoritative sources like the UN Environment Programme's Finance Initiative (UNEP FI).
- **Ratings information:** The company accesses ratings information from credible sources, for example around human rights scores, to contribute to an assessment of its value chain performance.
- **Estimates:** Estimates are important for obtaining a comprehensive understanding of the value chain, particularly in the context of assessing impacts, risks and opportunities. The measurement of the performance of Allianz's sustainability ambitions in the form of metrics is therefore also based on estimates for its value chain, since the ability to obtain necessary value chain information varies depending on several factors, such as contractual arrangements or the level of control the company can exercise on the activities in its value chain. As such, Allianz supplements direct sources of information with indirect sources, such as sector-average data or other proxies.

## Challenges and solutions to obtaining reliable value chain data

When it comes to ease of securing data from the value chain, there is a broad divide between listed and non-listed parts of the portfolio, with the latter category proving more challenging. The process of obtaining reliable data faces several challenges in addition to those noted above:

- **Lack of global sustainability reporting standards:** This challenge becomes particularly relevant when dealing with investee companies, typically located across the world in jurisdictions that may define their green taxonomies and regulate sustainability reporting in ways very different from the EU. Without an agreed global sustainability baseline against which companies in the value chain can report, it is difficult for Allianz to secure consistent data from its investees and clients.



**As an insurance group, we have a double role in sustainability reporting: we are a preparer of our own information and we are also a user of our clients' information. A single global reporting baseline is therefore essential to ensure we can secure standardized reporting from all our investees and clients.**

Jonathan Loewens, Group Accounting at Allianz Group

- **Time-lag in reporting due to dependence on investee-published data:** Timing is another key challenge. Allianz needs to use reported data from its investees, but it cannot do so until that data has been published. This can lead to a 12-month delay in reporting on, for example, greenhouse gas emissions from landlords and suppliers. Allianz therefore must balance its priority to use the latest available information with the timeliness with which that data can be acquired.
- **Poor data availability for small and medium enterprises (SMEs):** While data coverage for listed companies is improving, significant data gaps remain for SMEs – an issue of particular relevance for companies in Allianz's value chain such as commercial policy-holders.
- **Contractual obligations on suppliers to provide verified data:** Allianz consistently requests provision of data as part of its contractual arrangements. Such a contractual obligation provides a mechanism to hold its counterparties accountable for providing reliable, high-quality data. This approach is particularly relevant for Allianz's investments through non-listed companies – for example in wind-parks or timber – where no audited, public report is available. "In these cases, we insist companies provide specific data and certificates," says Loewens, adding: "We go very deep to ensure reasonable assurance of our data – our external auditor reviews how we collect this data from unlisted companies."

## 1.6 Ensuring the reliability of third-party data and estimates

### Third parties

Allianz makes use of third parties, such as intermediaries and data providers, to gather data from various sources. To ensure such data is reliable and complete, the company employs internal verification and control processes, while recognizing there are still data quality deficiencies given the market's lack of maturity. Additionally, Allianz requests certifications from its third-party data providers.

### Estimations

In cases where complete data is not available, estimations can play a crucial role in filling the gaps and providing a comprehensive understanding of the situation, especially when it comes to materiality assessments. Allianz strives to ensure the accuracy and reliability of these estimates, while allowing for potential variability in the quality of estimations across different data sources. However, managing the level of uncertainty associated with estimations can be challenging when it comes to decision-making.

Allianz ensures that any estimations it employs are based on sound methodologies that are appropriate for the context in which the estimates are used. In addition, the company applies the criteria of accuracy, relevance and consistency to all such estimates to ensure the results are reliable and useful. Details regarding the metrics for which estimates are used, including contextual information on their basis for preparation, scope, level of accuracy, assumptions and potential sources of measurement uncertainties, are reported alongside the metrics in the company's Sustainability Statement.

### Assurance

Assurance plays a significant role in this context. Allianz expects external audits to ensure the reliability and accuracy of the data obtained from third parties. Assurance requires a higher level of scrutiny and effort than verification processes. In situations where sufficient external assurance may not be available, the company conducts extensive internal validation and verification to ensure the quality and reliability of third-party data.

### Artificial intelligence (AI)

Allianz does not yet use AI at scale to assess data quality, but the company believes the technology has potential, especially to analyse large datasets. "We have well-established processes to assess data quality on the financial side and to a large extent we copy these processes for our sustainability reporting," says Loewens. It is essential, he adds, that "new sustainability reporting processes are well-defined and underlying data quality is high", before considering using AI at scale.

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## 1.7 Learning and advice

### Urgent need for establishing the global reporting baseline – plus interoperability between frameworks

For Allianz, as for all companies interviewed in this series of case studies, a standardized global baseline for sustainability reporting is key for streamlined and reliable sustainability reporting. Until that happens, the top priority for national and regional regulators is to ensure that existing and upcoming sustainability reporting standards are as interoperable as possible. "We greatly appreciate the high level of interoperability between the ISSB Standards and ESRS on climate-related disclosures," says Loewens, "however, we consider it absolutely essential to achieve (at best full) interoperability with other globally relevant sustainability topics beyond climate." He adds that Allianz supports the close collaboration between ISSB and EFRAG in mapping the climate-related disclosure requirements of ISSB and ESRS.



**We believe it is very important to develop a standardized global sustainability reporting baseline, and we very much support ISSB in their aim to create one.**

Jonathan Loewens, Group Accounting at Allianz Group

### Exercising influence over investees is better than exiting the portfolio

"We do not control our investees or clients and ensure they do X or Y," says Loewens, "so our influence is limited; but we can engage with them on sustainability issues." Nevertheless, he adds, "When we engage with our investees and customers, we need reliable information about their emissions. We want to support them to address sustainability matters and not just exit the portfolio."

## Regulation is prompting more timely reporting

Securing data from companies in the value chain can come with lengthy delays, for example when waiting for landlords to report on the energy consumption of buildings based on energy invoices. However, the momentum generated by mandatory reporting against CSRD and other global reporting initiatives is providing a stimulus to clients to report – as well as pay the rent – on time.

## Moving from limited to reasonable assurance ensures better decision-making

The journey to bring sustainability reporting up to the same level of maturity as financial reporting has taken Allianz many years. “We’ve copied mindsets, roles and responsibilities from the financial side to the sustainability side,” says Loewens, adding that the shift from limited assurance of sustainability data to the reasonable assurance required to include it in the annual report has been a “major step change” for the company. However, this higher level of assurance is not simply a reporting exercise: “We want this reliability not only for the annual report but also internally so that management can take robust decisions.”

## Reporting on material sustainability matters offers a sound logic for corporate reporting

Mandatory sustainability reporting is not simply a tick-box exercise. Reporting requirements first ask companies to identify relevant sustainability matters and then to consider the material information relevant to your business. Under CSRD and the ISSB Standards, companies are asked to be transparent on what they are doing about these matters, whether they have a policy or means of mitigating the company’s impact in that area.

## Sector-specific reporting must consider concrete information needs and learnings from agnostic reporting requirements.

The approach of ISSB to tackle climate reporting first allows space for companies to understand how to apply the detailed reporting requirements to that issue before going into other environmental topics. Furthermore, the ISSB encourages companies to consider sustainability matters that are closely connected with climate, and offers a broader framework for reporting on overall sustainability matters.

Capital markets need reliable reporting, but the timing on this is delicate – too soon, and unreliable data may prove detrimental; too late, and the markets have nothing to go on. The bottom line is that “the market must be able to rely on what companies are reporting.” To achieve greater alignment in sector-specific reporting, the ISSB, GRI and EFRAG should collaborate and evaluate concrete information needs based on systematic analysis of reporting practice over a reasonable period of time.

## Advice for companies looking to improve their sustainability reporting

- **Prioritize data reliability:** You need a very clear prioritization logic, to determine which data you can rely on, how far that data will take you and when not to stray into areas that are too dependent on estimation and judgement alone.
- **Ensure sound control frameworks and documentation:** You need to apply the same rigour in sustainability reporting as for financial reporting. You must take it as seriously and ensure you have the right documentation.
- **Engage with your stakeholders:** It is important not only to rely on your own judgement, but to benchmark and challenge your views on topics with external stakeholders, including NGOs, specialists and academia.
- **Build closer collaboration between reporting and business functions:** To enable your company to manage data quality and external reporting, a minimum level of literacy in sustainability reporting is essential. Business units need to understand this is not simply a tick-box exercise but important for informed decision-making. Equally, your reporting team must understand the business realities that stand behind disclosures. Strong collaboration and close alignment between the reporting team and business functions is essential, as successful sustainability reporting is a group effort across the company.

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