



Allianz Group

# Highlights

Sustainability Performance 2011

Allianz 

#### Cover image

March 11, 2012, marked the one year anniversary of the earthquake and tsunami that devastated Japan's northeastern region, left around 19,000 people dead or missing, and triggered the world's worst nuclear crisis since the 1986 Chernobyl disaster. Such tragedies resonate around the world, with citizens gathering in solidarity to pay their respects, shown here by releasing biodegradable lanterns into the sky. Learn about Allianz' contribution to disaster relief and rebuilding efforts on page 19.

This document presents selected highlights of Allianz' sustainability performance in 2011. Please refer to [www.allianz.com/responsibility](http://www.allianz.com/responsibility) for more in-depth information. This document together with our comprehensive information online is part of our efforts to achieve excellence in transparency on our sustainability performance. This is demonstrated by our GRI A+ rating and our commitment to the newly established German Sustainability Code (Deutscher Nachhaltigkeitskodex). 2011 is the first year that we are reporting in accordance with the principles of this Code. We are one of the first companies to do so.

The contents of this report are accurate as of March 16, 2012.

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# Foreword

**When the first Earth Summit was held in Rio 20 years ago, presumably no one foresaw our future the way it actually turned out. A year of crises like 2011, with 100-year floods in Australia and Thailand, the nuclear meltdown in Japan, the debt crisis threatening the Euro, and the Arab Spring – not even Hollywood could have persuaded us to believe in such things. Yet from today's vantage point, 2011 hardly seems any different from the years that went before. Even this drastic accumulation of crises and changes does not feel unfamiliar to us.**

These more intense conditions also pose a challenge to Allianz as an insurer and asset manager. Our stakeholders today benefit because we prepared our company in time to face the challenges of our era. That's why we were once again able to keep our promise to our clients in 2011, delivering benefits of EUR 86 billion without abandoning the successful course of operating profitability that we have established over the past few years. Our hopes for 2012 are focused on effective government policy decisions and on sustainable progress in reducing government debt and promoting healthy growth.

But the list of homework that government, society and business must complete together is even longer. Allianz is especially concerned with **two challenges**:

**The energy turnaround in Germany, and we hope in the EU as well, must now be followed by a suitable business environment for investors like Allianz to invest in renewable energy installations, up-to-date energy networks and energy efficiency projects.**

Today, assets managed by life insurance companies and pension funds total up to USD 55 trillion globally. Theoretically, one percent of this amount would be enough to finance the annual efforts for sustainable global climate

protection (Source: International Energy Agency). Which makes it clear that this task is doable, *if* institutional and private investors as well as industry and small to medium enterprises join forces, and *if* political conditions remain predictable and stable.

**In Europe in 2010, for the first time, more people retired than entered the job market. This had been foreseen for decades – but it is now becoming a day-to-day reality.**

Fewer and fewer premium payers will have to provide funding for more and more recipients of benefits. And, at the same time, they will have to pay more to provide for their own retirement than their parents' and grandparents' generations did. So "business as usual" cannot be the solution. With the first Berlin Demography Forum, Allianz has now established an international platform where science, government, society and business can search for better alternatives together.

In 2011, Allianz addressed these two challenges in-house.

**Allianz is one of the world's largest investors in renewable energies, and our total direct investments in this field reached EUR 1.3 billion in 2011 and we plan to further increase them.**

Additionally, we were two years early in achieving our goal of reducing our CO<sub>2</sub> emissions by 20 percent; in fact, we even exceeded it. For this reason we extended our reduction target: by 2015 we want to achieve a total CO<sub>2</sub> reduction of approximately 35% per employee, focusing on energy consumption as our biggest lever. Furthermore, from 2012 we will compensate for any remaining emissions with project investments that also advance climate protection in emerging economies.



Michael Diekmann addressing the audience at the first Demography Forum in Berlin. For more information, please refer to page 20.

By 2015 we want to have achieved a CO<sub>2</sub> reduction of **35%** per employee

In Kenya, for example, Allianz is a participant in the world's first VCS certified REDD project (Reducing Emissions from Deforestation and forest Degradation), not only protecting more than 200,000 hectares of forest, but also preserving people's living environment and creating employment opportunities. In India, we are involved in exchanging 8.5 million incandescent light bulbs for energy-saving lamps. With projects like these, Allianz fosters climate protection in emerging economies, taps attractive investment opportunities, and at the same time ensures that its own operations are 100 percent carbon-neutral.

**Just as systematically, we are preparing Allianz, as a sustainable employer, for the consequences of demographic change.**

Long-term succession planning, which also takes population aging into account, is already in place. At all levels of management, we are now experiencing gains in social and professional skills, which we can measure from our employees' perspective through our annual Group-wide engagement survey. Our diversity efforts play an important role here. We furthermore ensure a mixture of generations, because it's in our best interest to make the most of senior colleagues' experience – for everyone's benefit.

In the matter of women in management, we unquestionably had a need to catch up. We made changes in 2011 which are evident, for example, in the fact that Allianz appointed the first woman to its Board of Management – an important signal. The same applies to our teams, which are becoming more and more international, just as our clients are.

**The crises and changes that surround us pose a challenge. But they are also encouraging Allianz to transform itself.** Our guiding compass for success will be our focus on our clients and commitment to sustainability. These will enable us to detect the need for action, as well as opportunities, at an early stage, and to keep our 142,000 employees in 70 countries working enthusiastically toward shared goals.

**Michael Diekmann,**  
Chairman of the Board of Management  
Allianz Group

# A proactive approach – now and in the future

**Allianz' long-term business strategy is based on an in-depth understanding of the risks and opportunities facing the company not only today but also in the future – a strategy aimed at ensuring our sustainable and profitable growth.**

## KEY FIGURES

**€103 bn**  
total revenues

**€7.9 bn**  
operating profit

**179%**  
solvency ratio

**€1,657 bn**  
assets under management

### **The sovereign-debt crisis in the Euro zone and a string of natural disasters made 2011 another exceptional year for financial services providers.**

The frequency and scale of natural disasters reinforced the sizeable potential threat of climate change for insurers, especially when combined with the trends of increasing urbanization and concentrated wealth accumulation. Allianz contributes to a low-carbon future by developing relevant products and services and providing both financing and insurance to renewable energy projects. At Allianz, climate protection is also a viable business and investment case.

As we are doing our part to mitigate the impacts of climate change, we are also playing an active role in developing a solution for the European sovereign debt crisis. Allianz is firmly committed to European unity, and as such, is playing a constructive role in engaging with policymakers to develop lasting solutions to the crisis. As one of Europe's largest institutional investors with a presence in all European markets, Allianz naturally has a self-interest in mastering this crisis.

Insurers, by the very nature of their business, pursue a long-term perspective so they can uphold the promises

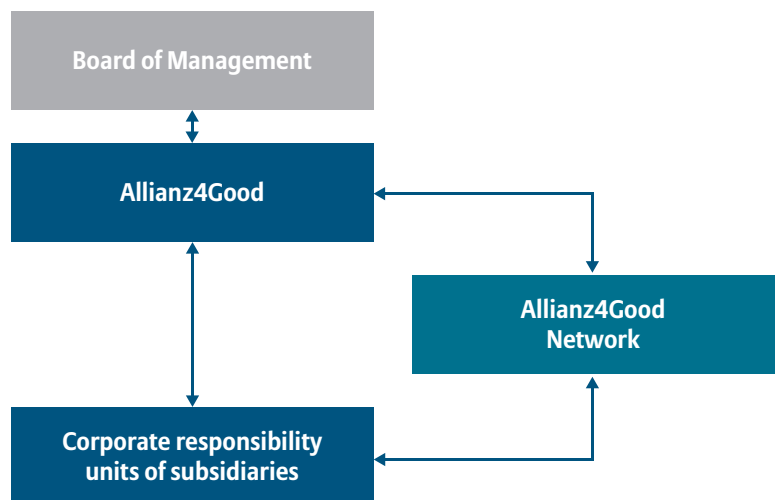
made to customers today. A strong market and customer orientation thereby drives Allianz' business strategy as the company continues to build long-lasting, mutually beneficial relationships with all of its stakeholders. Allianz strives to be the most trusted partner for its customers and has been recognized as the loyalty leader in a number of markets.

Our employees' commitment is crucial to this success. As such, both customer and employee satisfaction are key steering metrics for Allianz. We attach great importance to fostering outstanding leadership, continuous talent and personal development. To support this, Allianz offers employee engagement opportunities through a variety of volunteering programs that are mutually beneficial to our employees and to society.

In 2011, Allianz continued to integrate sustainability into its business to contribute to the company's sustainable and profitable growth. Our approach combines long-term economic value creation with a holistic approach to environmental stewardship, social responsibility and corporate governance. The following sections present highlights of Allianz' sustainability performance in 2011.

## Allianz4Good Network

With its decentralized organization and presence in around 70 markets worldwide, Allianz' strong governance framework helps to drive sustainability across the Group and ensures consistent implementation of Allianz' corporate responsibility (CR) strategy in the global business. The Allianz4Good Network was set up in 2011 to strengthen this governance and steer CR activities across the Group. It consists of representatives of our largest entities and regions and also acts as a sounding board for Group-level CR activities.



### Sustainability at Allianz

We invite you to learn more about our approach and performance at

[www.allianz.com/responsibility](http://www.allianz.com/responsibility)

# Sustainability in a profitable business

At Allianz, we grow our business by increased customer satisfaction and brand recognition, supported by innovative products and services and thoughtful investments – while simultaneously taking responsibility for environmental and societal needs.

## A customer-centric business

**A strong customer focus is at the heart of the overall Allianz strategy.** Allianz strives to be the best-in-class and most trusted partner for its customers and has been recognized as the loyalty leader in a number of markets. Efforts to strengthen Allianz' robust brand positioning are helping to convey the stability and security of the Group's global organization.

We regard customer feedback as a vital tool in monitoring customer satisfaction and ensuring an ongoing improvement in our products, services and processes. Allianz directly collects feedback from about one million customers annually on key interactions, such as after claims handling or sales, which provides invaluable insight. What is more, on an annual basis, Allianz measures itself against relevant local competitors.

### KEY FIGURES

## 52%

Allianz companies with more loyal and satisfied customers than their local competitors

## 28%

Allianz companies recognized as loyalty leaders in their market

## 78 mn

total number of customers



## A powerful brand

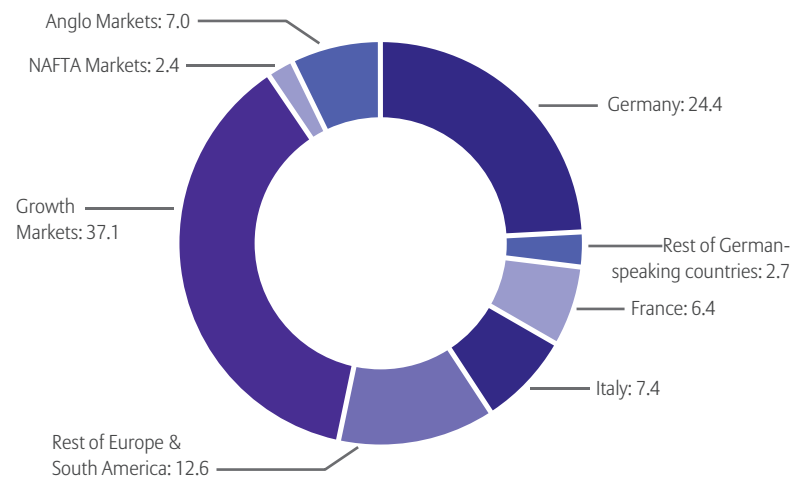
The Allianz Group is active in about 70 countries, with currently 80% of total revenues branded as 'Allianz'. Our brand provides identification and orientation for the Group's many customers and stakeholders. Allianz builds on a strong brand heritage that is based on two pillars: outstanding delivery in products, services and sales to customers; and branding that is insightful, consistent and implemented from a global perspective.

Within the financial services sector Allianz was ranked among the top performers in the Interbrand global Top 100 brand ranking. On the basis of this ranking, the value of the 'Allianz' brand increased to approximately USD 5.3 bn in 2011 (2010: USD 4.9 bn), with our brand value growing faster than any other European financial services provider.

The consistent delivery on Allianz' brand positioning as a "Trusted Partner" sets us apart from the competition and creates a sustainable, long-term competitive advantage. The Allianz brand is an important and valuable asset and therefore an essential element of the company's business strategy.

## Customers by region/country

as of December 31, 2011



**In Interbrand's Best Global Green Brands report 2011 Allianz was ranked as the Best Global Green Brand in the Financial Services sector.**

The ranking assesses brands by consumer perception of green activities and demonstration of environmental performance. Interbrand refers to the company's wide variety of sustainable development activities, broad range of green products, investment in wind and solar energy, and internal emissions targets as evidence of convincing green credentials.

**Allianz, a successful manager of risks and a large-scale institutional investor, is developing products and services, as well as integrating sustainability in its investment management to address key social and environmental challenges.**

## Microinsurance

### KEY FIGURES

**€34.5 m**  
revenues from our  
microinsurance  
portfolio

**2.6 m**  
microinsurance  
customers

Allianz provides a financial safety net to millions of people in Asia, Africa and South America through its microinsurance offering. For poor families in emerging markets and developing countries, microinsurance is a means of managing the existential risks associated with natural disasters, accidents and illness. While profit expectations are much lower than in the traditional insurance business, there is a strong belief that familiarizing low-income customers with the concept of insurance in general, and the Allianz brand in particular, will pay off over the years as these customers move up the economic ladder.

*“Our development partnership with Allianz improves our development work in enhancing access to micro-insurance for the world’s poor. Allianz provides expert insurance knowledge which, combined with our global project activities, contributes effectively to a better risk protection for vulnerable households in our partner countries.”*

Michael Roth, GIZ Project Manager of the develoPPP.de Project on microinsurance between Allianz and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Despite a decline in the microinsurance customer base and revenues in 2011, as a result of fallout from the so-called microfinance crisis in India, Allianz has further expanded and developed its microinsurance business. We entered three new markets in 2011: Burkina Faso,

Mali and Malaysia. Allianz is also striving to better measure and control the financial and social performance of microinsurance by applying key performance indicators, e.g. claims ratio, that have been developed as part of the public-private partnership with the German development organization GIZ.

*Please see page 13 for examples of how these products enhance livelihoods.*

## Green solutions

The Allianz Group has developed more than 80 products and services that help mitigate climate change or take its environmental impact into account. The solutions range from asset management to insurance and assistance. The increasing number of green products and services offered is a reflection of the need to prepare for the negative effects of climate change on Allianz’ business and customers, as well as to mitigate the associated economic risks.

## Sustainability in third-party asset management

In recent years, environmental, social and governance factors have become more important in investment analysis and asset management, with private and institutional investors increasingly considering these factors in their investment decisions. Allianz is meeting this demand, offering a range of Sustainable and Responsible Investment (SRI) funds across the major asset classes through its third-party asset managers (e.g. the Allianz Global Sustainability Fund). In 2011, Allianz managed €3.4 bn in SRI funds.

## Sustainability in proprietary investments

### KEY FIGURES

Investments in  
renewable energy  
projects reached

**€1.3 bn**  
in 2011

Since insurance companies are not only risk managers but also large-scale institutional investors, investment management is thus an integral part of Allianz' business. Integrating sustainability into investment strategies is not only important for Allianz' third-party asset management, but also influences decisions on proprietary business.

In 2011, the Allianz Group signed the United Nations Principles for Responsible Investment as an asset owner, joining several of the Group's third-party asset managers as a signatory.

Furthermore, as large institutional investors, insurance companies are important players in financing a low-carbon economy. Allianz sees renewable energies as an attractive growth market and is building up a long-term portfolio in wind energy and solar power.

*"Carbon investments are not just a voluntary means of becoming carbon-neutral, but also a viable business case for Allianz with competitive returns."*

Armin Sandhövel, CEO, Allianz Climate Solutions

In 2011, Allianz undertook its first-ever carbon investment in what are known as REDD projects (Reducing Emissions from Deforestation and forest Degradation). These projects aim to slow worldwide deforestation in developing and emerging countries. From 2012, Allianz will use certificates generated from such investment projects to neutralize its remaining CO<sub>2</sub> emissions from business operations.

*Please see page 12 for more on the REDD project.*

### Solutions for private clients: Energy Package & Energy Advisory Services (Allianz Germany)

A package for home-owners includes an energy calculator, diagnosis and evaluation of energy performance of the property, investment advice for improving energy efficiency and domestic CO<sub>2</sub> emissions, service by expert craftsmen for upgrading the property, and special financing for modification of the building.

### Sustainability at Allianz

Full information on our economic performance and strategic approach can be found online:

[www.allianz.com/responsibility](http://www.allianz.com/responsibility)

# REDD investments

Global deforestation is advancing alarmingly and significantly contributes to the world's greenhouse gas emissions. Allianz acquired a stake in Wildlife Works Carbon (WWC), the leading developer of REDD projects. The projects aim to slow worldwide deforestation in developing and emerging countries.



**The area is threatened by those who slash and burn for subsistence agriculture and illegal charcoal production**, which is sold to the local population as a cooking fuel. After slashing and burning the indigenous trees and land are left useless. Recovery of it, another part of the project, will take decades.



**The customer base of the illegally made charcoal is undermined by the production of carbon-neutral charcoal.** The local community produces the bricks using sustainable methods from bush trimmings.



**Further to preventing deforestation, the project makes the land more profitable for the local community.** Expansive nurseries built by the project grow various trees and plants that can be sold for profit and that can be used by the community to fulfill medicinal, nutritional and fuel needs. The nurseries are a further opportunity for employment of local community members.

**Deforestation currently accounts for around 17% of global greenhouse gas emissions. The solution proposed by the United Nations program REDD is convincingly simple: put a monetary value on forests and their ability to store carbon, and within a few years cutting down trees will be like burning money.**

Allianz sees REDD as an attractive investment opportunity, offering both a competitive financial return and a high level of social and ecological sustainability. By being an early investor in this up-and-coming market, Allianz is gaining experience at an early stage and benefiting from the opportunities it offers.

The cornerstone project of WWC is the protection of the Kasigau Corridor in Kenya against deforestation. The project will prevent the emission of 36 million metric tons of CO<sub>2</sub> over 30 years – equivalent to about twice the annual CO<sub>2</sub> emissions of the City of Berlin. Every metric ton saved generates one emission certificate that meets the requirements of the Voluntary Carbon Standard and the Climate, Community and Biodiversity Alliance. In addition to preventing CO<sub>2</sub> emissions, the project successfully protects a migration corridor of endangered animals, as well as providing employment for local communities and education for the children.

**The project has built schools for local children.**



# Microinsurance

An estimated 2.6 billion people live on USD 1.25 to 4 per day. Poor people are more severely affected by natural disasters, accidents and illness. They also lack the opportunity to save or to take out insurance to hedge against these threats. Allianz offers a variety of microinsurance products to more than two million customers.



**Allianz' joint venture in India, Bajaj Allianz, demonstrates its reach to rural and poor farmers with its Cattle Insurance Policy.** The milk that cattle produce earns income for farmers. Farmers pay as little as USD 5 to insure their cows against disabilities that prevent them from producing milk or USD 14 to insure against death. Currently, over 100,000 cattle are insured by this product.

*"Bajaj Allianz sees this product as part of its social responsibility to extend insurance safety nets to poor families. Although we may not be making significant profit from this portfolio, it helps Allianz to reach people in every corner of the country and build the Allianz brand, since each animal insured bears a visible identification tag with our name and logo."*

Dr. Ashok Patil, Associate Vice President – Rural Insurance, Bajaj Allianz General Insurance Co. Ltd.



**Allianz Life Indonesia's Tamadera microinsurance product combines life insurance with a savings plan.**

Policyholders pay premiums as low as Rp. 10,000 (USD 1.2) per week for five years, during which time they are guaranteed coverage for death and five critical illnesses: cancer, stroke, heart attack, kidney failure and serious burns. If no claims are made at the end of the five-year term, the premiums are returned to the policyholder in full. This fund acts as a savings account primarily designed to fund children's education.

**Ms. Nanik W., receiving claim payment of Rp. 2.5 million (USD 287) for a major burn.** She originally became a customer to save for her child's education but then after a fire significantly burned her hand the claim aided in covering her medical expenses.

# Taking environmental responsibility seriously

Despite the fact that financial services is a comparatively low-carbon sector, Allianz is committed to reducing its carbon footprint. Several years ago, we adopted a comprehensive Climate Change Strategy covering both our activities as a financial services provider and internal business operations.

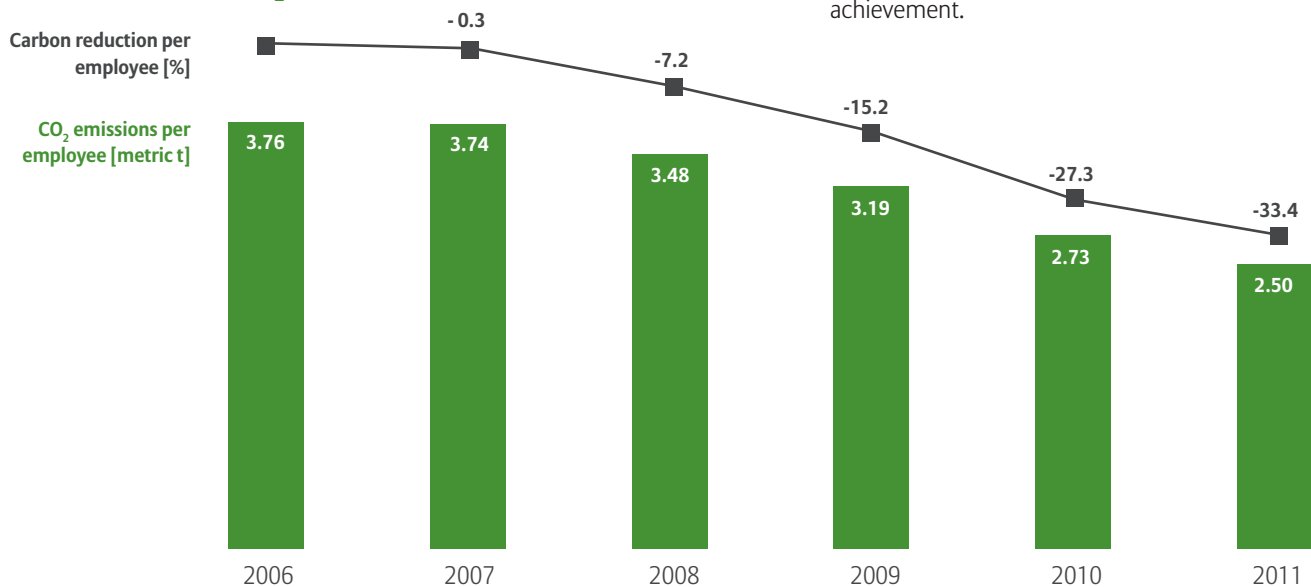
**In 2011, Allianz reduced CO<sub>2</sub> emissions from its internal operations by 6 percentage points from 2010. Our overall CO<sub>2</sub> reduction since 2006 is now 33% per employee.** As Allianz overachieved its original goal of a 20% reduction in 2010 – two years ahead of schedule – a new carbon reduction target has been set for 2015. By this date, we plan to reduce our carbon footprint by a total of approximately 35% per employee on the 2006 base year. Although already seemingly close to this new target, our challenge will be to control emissions as the economy continues to improve.

In addition, Allianz will compensate for all remaining emissions stemming from our internal operations

through direct investments in carbon projects and will thereby be carbon-neutral from 2012 onwards.

As the main drivers of Allianz' carbon footprint are energy consumption, travel and paper, reduction efforts focus on these areas. Emissions from energy saw a significant reduction in 2011 resulting from a decrease in consumption, an increase in renewable energy sourced and less fossil fuels in regional energy mixes. Despite increased demand for business travel, travel volume changed little from 2010 levels. Allianz' global travel policy, introduced in 2010, ensures that employees avoid unnecessary travel and, as far as possible, use lower-carbon modes. Lastly, Allianz reduced overall paper consumption by 44% since 2006. The global print policy and a greater use of digital communication in our internal operations and correspondence with customers contributed to this achievement.

## CO<sub>2</sub> performance 2006 - 2011\*



\* Environmental performance reporting has been independently verified by KPMG.



## Allianz Tower, Jakarta

**In April 2011, Allianz Indonesia moved into its new headquarters in Jakarta's central business district, Kuningan. The Allianz Tower, an elegant building boasting state-of-the-art green technology, embraces many aspects of environmentally sustainable design.**

The building's advanced glazing technology aims to reduce heat accumulation and direct UV exposure from the sun, thus reducing the power required for air conditioning. In addition, the use of energy-saving bulbs in most of the office areas reduces electricity consumption.

The Allianz Tower's design allows approximately 70% of its grounds, covering nearly a hectare, to be used as a natural rain water absorber. This is important since Jakarta has a serious flooding problem. The building is also equipped with modern water recycling facilities. For instance, rainwater is collected from the roof and stored in water tanks in the basement. 80% of black water is recycled and used to flush the toilets and operate the air conditioning system, and only 20% of wastewater is discharged.

*"The new tower combines elements of sustainable construction with a modern office space. We can protect the environment, while providing one of the best workplaces in Jakarta."*

Joachim Wessling, CEO, Allianz Life Indonesia

*"Companies' decisions and actions will eventually determine whether we will be successful in limiting climate change. In WWF's work with Allianz, it has demonstrated its openness and understanding to being part of the solution, in operations and the business. The type of action required in order to keep average global warming to below 1.5°C (compared to 1850) is fundamental and challenging - Allianz has taken good first steps in that direction."*

Matthias Kopp, Head Low Carbon Business & Finance, WWF Germany

### Sustainability at Allianz

Full information on our environmental performance and strategic approach can be found online:

[www.allianz.com/responsibility](http://www.allianz.com/responsibility)

# A focus on people

**Allianz' social commitment is with two groups: its own employees and the societies it operates in. The common denominator is a focus on people – through sustained efforts to enhance the engagement, diversity and skills of its own employees, and to devote corporate skills and resources to help local communities.**

## Promoting employee engagement, diversity and skills

### KEY FIGURES

**19.2%**

women in executive positions

**33.3%**

female managers

**52.3%**

share of women in overall workforce

The exceptional commitment of Allianz' employees and their dedication to providing excellent customer service are crucial to the company's success. Allianz places great emphasis on fostering outstanding leadership, as well as continuous talent and personal development. Only by unlocking employees' potential can Allianz achieve its goal of being a reliable partner to its customers.

### Diversity

Allianz recognizes the power of a diverse, inclusive workforce comprised of employees from different backgrounds. Allianz understands that promoting diversity is necessary for any global company to be successful and has implemented a number of initiatives to support this goal.

As part of the efforts to promote the advancement of women at Allianz, in 2008 we set a global target of increasing the share of women in the talent pool for executive positions to 30% by 2015. A top management mentoring program for women and flexible work-life programs, such as part-time employment or job sharing, were part of the supporting actions taken in several countries in 2011.



Michael Diekmann, Chairman of the Board of Management of Allianz Group, addressing attendees of the "100 Women Sponsorship" program. It is aimed at female managers preparing for top management positions.

Allianz also made a joint declaration with other DAX 30 companies of its commitment to increasing the share of female leaders in Germany: Allianz' own commitment is to have 30% of management positions in Germany held by women by the end of 2015.



## KEY FIGURES

In 2011, Allianz  
invested

**€88 m**  
in training  
measures,  
equivalent to a  
global average of

**€667**  
per employee

## Talent management

Developing employees' skills and competencies across such a diverse global organization requires a common approach across the Group. Allianz strives to retain skilled employees, recruit and develop top talent and promote high performers.

A global talent management system enables the company to identify internal candidates and, importantly, supports systematic succession planning. Allianz also uses strategic workforce planning to help secure the future workforce as well as the talent pipeline for a period of up to ten years.



A class of "Knowing Allianz", a high-level introductory program designed for executives who have either been newly appointed or who have recently joined the Allianz Group.

## Employee engagement

Each year, Allianz collects feedback from employees, managers and Board Members to measure the overall level of engagement and identify its drivers. 2011 saw the second Group-wide employee engagement survey, which unified local surveys in gathering employees' feedback. 116,229 employees from 66 Allianz companies

were invited to take part. The participation rate of 78% was 9 percentage points higher than in 2010. The survey results are performance-relevant for our top management, which generates a strong buy-in and ensures that the survey findings are consistently acted upon.



Allianz Board member, Paul Achleitner at the inauguration of an Allianz day care in Munich, September 2011.

On-site day care centers are seen as part of a portfolio of various initiatives to enhance its employees' work-life balance, a key factor in ensuring long-term employee motivation and health, as well as in attracting new recruits.

## A committed corporate citizen

**As a global company with a presence in about 70 countries worldwide, Allianz takes its responsibility to society seriously. By offering skills, time, money and other resources, Allianz strives to advance social well-being and provide financial and practical support to local communities.**

What is more, the international network of 16 Allianz-affiliated corporate foundations, such as the Cultural and Environmental Foundations, provides valuable support to the company in its role as a responsible and committed corporate citizen.

### Employee volunteering

Engaging employees in social projects is a key component of Allianz' responsibility towards society. Support is provided in developing effective solutions to critical social issues by drawing on the company's core competencies. Through the **My Finance Coach (MFC)** program, for example, Allianz and its partners aim to foster financial literacy among 11- to 15-year-olds.

Familiarizing these young people with financial issues will help them to make educated financial decisions now and in the future. In 2011, more than 65,800 pupils were reached through the MFC program in Germany and 1,700 in Indonesia as the first location of the international roll-out.

**Moreover, the German UNESCO Committee declared MFC to be an official project of the UN Decade of Education for Sustainable Development.**

Allianz also shares its know-how and business skills with socially committed organizations by engaging both employees and retirees. In 2011, **Social OPEX**, an Allianz leadership development and employee volunteering program which combines our internal quality approach (OPEX, OPerational EXcellence) with employee engagement in the social sector, enabled such projects to be carried out in eight countries involving 44 Allianz employees and 21 social entrepreneurs.



Jay Ralph, Allianz Board member, teaching a 9th grade class as part of the MFC program.



Allianz employees working with the Homeless World Cup, an annual soccer tournament for homeless people with 40 national teams, on improving their operational efficiencies.

What is more, Allianz engages its retirees in helping solve social problems and promoting social integration by leveraging their wealth of expertise and experience. **'startsocial'**, a social ideas competition run under the patronage of the German Chancellor Angela Merkel, aims to foster social innovation through a transfer of knowledge from the corporate sector to social projects. In 2011, more than 100 retired employees took part in the initiative, either as jurors, coaches or both.

## Corporate giving

**In 2011, Allianz donated €22.2 m to address social, environmental and cultural issues of relevance to the company and the societies in which it operates.**

In addition to corporate giving activities, Allianz offers its employees the chance to make donations to help the victims of natural disasters, including a global platform to involve all of its employees in donation campaigns.

*“Allianz is an excellent partner for the Red Cross and we are delighted to have been able to enter into this cooperation. Fixed, solid partnerships allow us to provide long-term, sustainable aid. This is very important, particularly when it comes to preparing for future catastrophes.”*

Bernd Schmitz, Chairman of the German Red Cross

In light of several severe natural disasters in 2011, including those in Australia, Japan, Thailand and Turkey, the Allianz Group, employees and subsidiaries donated to a variety of projects for immediate disaster relief as well as rebuilding activities.

Following the severe earthquake and tsunami that hit Japan on March 11, 2011, more than €590,000 was collected in an international fund raising campaign, in which the total amount donated by our employees was matched by Allianz. Funds were made available to support the emergency relief and reconstruction efforts of the Japanese Red Cross, a member of the international Red Cross and Red Crescent movement with which the Allianz Group has had a global partnership since early 2011. Additionally, Allianz donated €270,000 for rebuilding efforts.

## Sustainability in practice

**Mun-Kuk Cheong, President & CEO Allianz Life Korea, received the President’s Award of the Korean National Red Cross. This award is given to corporations and individuals who initiate volunteer activities that contribute to regional development.**

In 2011, 500 executives and employees working at Allianz Life Korea carried out a number of voluntary activities such as delivering briquettes for those who were in need of winter fuel and preparing food for them. They also helped people with disabilities to gain employment and hosted sports games for disabled children who are physically unable to play outside.



## Sustainability at Allianz

Full information on our social performance and strategic approach can be found online:

[www.allianz.com/responsibility](http://www.allianz.com/responsibility)

# Pursuing highest standards

**Since responsible and transparent leadership is critically important to the long-term success of a company, Allianz pursues the highest standards in corporate governance.**

**At Allianz only promises that can be kept are made and only risks that can be managed are taken. Risk management is not only a core competency but also an integral part of Allianz' business processes.**

Strong corporate governance and transparency are crucial to gaining and keeping the trust of Allianz' numerous stakeholders. Allianz' holistic approach of managing and supervising the company according to commonly accepted business principles, procedures and responsibilities ensures an effective corporate governance system, which is essential for sustainable business performance.

Allianz' compliance management system aims to ensure compliance with internationally recognized laws, rules and regulations to promote a culture of integrity and safeguard the company's reputation. Allianz' Group-wide Code of Conduct for Business Ethics and Compliance sets the standards for business conduct. In 2011, numerous measures were undertaken to further strengthen the effectiveness of compliance management. For example, the implementation of the Allianz Anti-Corruption Program continued with further training courses. The aim of this compulsory training is to inform employees about the main anti-corruption and anti-fraud rules and principles, as well as the essentials of the Anti-Corruption and Gifts and Entertainment Policies.

## Developing solutions through ongoing dialogues

Sovereign debt crisis, financial crisis, Euro crisis: all these politico-economic crises urgently require solutions since

they heavily impact the financial services sector and the world economy. Policymakers at a national, regional and global level are striving to find such solutions. Allianz is firmly committed to European unity and is therefore playing a constructive role in helping policymakers develop lasting solutions to the crisis. Hence, developing solutions to the European sovereign debt crisis was at the forefront of Allianz' engagement in 2011. As one of Europe's largest institutional investors Allianz naturally has a self-interest in mastering this crisis.

Moreover, Allianz engages in regular discussions with political, academic and societal circles on fundamental developments that have a strategic impact on the company's business.

An example is the first Berlin Demography Forum, initiated by Allianz and the German Ministry for Family, Senior Citizens, Women and Youth, to discuss the challenges of demographic change.

Designed as an annual conference on a variety of topics relating to demographic challenges, the Forum offers a global, cross-party platform for dialogue that brings together leading politicians, scientists, economists and representatives of civil society to debate possible routes towards sustainable development. The first Forum, held in January 2012, furthered an exchange of ideas on demographic change through evaluating existing approaches to future challenges and devising entirely new solutions.

*More on the Berlin Demography Forum can be found on [www.berlinerdemografieforum.org](http://www.berlinerdemografieforum.org).*



## Inauguration of the Allianz Forum

In September 2011, Michael Diekmann inaugurated the Allianz Forum at Pariser Platz in Berlin, thus marking Allianz' increased commitment to collaborating with other foundations on sustainability issues. Together with institutions from all walks of society, Allianz is searching for better answers to the pressing questions of our time, such as:

- Demography (ageing, health, migration, diversity)
- Environmental and climate protection
- Sustainable growth (protecting natural resources, fair trade, war on poverty)
- Intercultural dialogue and the future of Europe



*“At Allianz, we have experts who are familiar with every little detail of complex regulatory issues. This is our added value. Political advisory work should not be focused exclusively on the single-minded pursuit of the company’s own business interests, but also on the interests of our society as a whole.”*

Wolfgang Ischinger, Head Government Relations and Public Policy, Allianz Group  
Former German Ambassador to the US and UK

# Recognition for our performance

Allianz is proud to have received awards across a breadth of topics and geographic regions. We provide here a brief sample of awards won by Allianz in 2011. Additionally, since Allianz is committed to increased transparency and accountability on sustainability issues, performance data are submitted to a wide variety of rating agencies and

indices. As in previous years, the top scores achieved in 2011 represent an objective recognition of the high sustainability standards Allianz sets for its business. We are very proud of our past achievements and will continue to strive for excellence going forward.

## Brand

For the tenth consecutive year, **Allianz Germany** won the Reader's Digest Pegasus Award as the Most Trusted Brand in insurance. **Allianz Life Korea** was selected as the Most Trusted Brand amongst foreign insurers' brands by Digital Chosun Ilbo newspaper.

## Insurance Company

For the second consecutive year, **Allianz Australia** won the Best General Insurance Company of the Year Award at the 2011 Australian Insurance Industry Awards.

## Asset Manager

**Allianz Global Investors Germany** was awarded the title of the best investment company by the financial magazine Capital.

## Employer

**Allianz China Life** was awarded the title of China's Ideal Employer by Universum, the global leader in employer branding. **Allianz Slovakia** won the Best Employer 2010/2011 Award, based on the results of a large-scale study conducted by Aon Hewitt.

## Energy Management

For the second consecutive year, **Allianz Life Insurance Co. of North America** earned the prestigious Energy Star designation for its campus in Minnesota. This award acknowledges Allianz Life's attention to superior energy performance and recognizes its headquarters as among the most energy efficient in the U.S.A.

## Financial Inclusion

**Bajaj Allianz Life Insurance** won the SKOCH Financial Inclusion Award 2011 for its execution of financial inclusion initiatives through life insurance across India.

## SRI Funds

For the third consecutive year, five SRI funds were awarded the Novethic Label. Novethic is a French label awarded to open-end funds (pooled funds) that are transparent in their fund approach, ESG characteristics and portfolio.

## Community Service

**Allianz Life Insurance Co. of North America** was honored by a Jefferson Award, a national award for outstanding public and community service.

A comprehensive list of awards won can be found at [www.allianz.com/responsibility](http://www.allianz.com/responsibility)



Allianz awarded SAM Gold Class again based on our superior performance in the Dow Jones Sustainability Index with a score of 80.



Allianz leads the "Financials" sector in Germany and is ranked second in Europe; globally, Allianz is amongst the top 10% of the largest 500 companies, which places it in the global Carbon Disclosure Leadership Index 2011.

## Knowledge at Allianz

We invite you to tour through our interactive, dynamic Knowledge website, which explores a range of global issues in innovative ways. Please visit

[knowledge.allianz.com](http://knowledge.allianz.com)

# Imprint

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**Images**

Allianz / GettyImages / Shutterstock  
Page 21, Wolfgang Ischinger: Kai Mörk  
Page 19, JRCS medical team in Kamainishi: Patrick Fuller / IFRC

We would like to thank all of our colleagues and partners who have helped us to create this report.

Further information on Sustainable Development at Allianz can be found at  
[www.allianz.com/responsibility](http://www.allianz.com/responsibility)

**Cautionary note regarding forward-looking statements**

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. The company assumes no obligation to update any forward-looking statement.

**Closing date**

16th March, 2012

**The report is printed on 100% recycled paper with plant based oil as ink.**

