



A company of Allianz 

Staff Counsel  
California Department of Insurance  
300 Capitol Mall, Suite 1700  
Sacramento, CA 95814

To Whom It May Concern:

Please find the attached Fireman's Fund Insurance Company Group's (NAIC Group # 0761) 2010 Climate Change Disclosure Survey (FAD-204). This filing is being provided to the California Department of Insurance as California is the Insurance Group's lead state regulator and the group had more than \$500,000,000 of direct written premium during 2010.

Fireman's Fund Insurance Company (NAIC # 21873) is the lead entity of the insurance group and had \$386,942,146 and \$1,750,022,243 of direct written premium in California and nationally, respectively, in 2010. The Fireman's Fund Insurance Company Group had \$747,548,425 of direct written premium in California and \$3,563,643,682 nationally in 2010.

Thank you,

Elizabeth Erbenraut  
Finance Manager  
Fireman's Fund Insurance Company

## **Preface:**

This report was developed in 2010 and is updated annually in response to the guidelines for a Climate Risk Disclosure Survey originally set forth by the U.S. National Association of Insurance Commissioners in 2009 and 2010, and variations thereof that have since been adopted by some State Insurance Departments in the form of information requests.

The report is focused on responses most pertinent to the activities of the Allianz Group insurance companies operating in the United States – particularly Fireman's Fund Insurance Company, in addition to Allianz Global Corporate and Specialty, Allianz Life Insurance Company of North America, Mondial Assistance USA, and Euler Hermes ACI – and further incorporates the related Allianz Group-wide activities that contribute to how its U.S. and other global insurance businesses respond to climate risk issues queried below. Relevant Allianz Group activities as reported in the annual Carbon Disclosure Project and the Allianz Group Annual Sustainability Reports are appended for further reference.

### **1. Does the company have a plan to assess, reduce or mitigate its emissions in its operations or organizations? If yes, please summarize.**

Yes.

Allianz Group insurance companies in the U.S. are among 37 Allianz Group companies worldwide that are integrated into a Group Environmental Management System (EMS), which tracks each company's emissions and other related indicators dating back to 2006 across operations worldwide. The Allianz EMS is an important management tool that aligns with the international standard for environmental management ISO 14001 as well as the European Eco-Management and Audit Scheme (EMAS), and enables the Allianz Group to monitor and control its five major areas of environmental concern: energy consumption, business travel, paper consumption, waste production, and water consumption. The Allianz EMS currently covers 81% of Allianz's global employee base, compared to 76% in 2008. Regular assessments of the carbon footprint of the Allianz Group operations includes an individual scorecard and measures plan together with emission reduction forecasts for each Allianz group company. Allianz is working towards a global commitment to a 20% greenhouse gas emission reduction by 2012, using 2006 emissions as the baseline for both Allianz Group and each company's reduction target. U.S. companies are among the Group's leaders in working towards this goal. For example, Fireman's Fund Insurance Company has set its 2012 emissions reduction target at 25% and has reduced its energy usage by 36 percent since 1999 through measures at its facilities that were accredited by both the US Environmental Protection Agency's Energy Star Program and the US Green Building Counsel's Leadership in Energy and Environmental Design (LEED) certification system. Fireman's Fund's Novato headquarters received an Energy Star building rating of 92 (out of 100 possible points). More Allianz facilities will move in this direction as they implement minimum standards for energy efficiency and greenhouse gas emissions, currently being developed. Various facilities are developing other innovative ways to reduce their carbon footprint, including for example, Fireman's Fund's installation of fuel cell technology at its headquarters that will generate clean energy to produce 60% of the energy used at that location, reducing the company's carbon footprint by 15%. Allianz companies will also benefit from a central Allianz Group "Green IT" program launched in 2010 by the Allianz international IT Purchasing Committee, which establishes minimum standards concerning IT equipment purchased and builds on an existing Procurement Policy for Allianz Global Purchasing that highlights areas for carbon reductions in IT Purchasing in line with international standards that have been approved by both the U.S. and European governments. The Allianz Group is also developing a global highly sophisticated videoconference concept (Basis HALO technology) that is expected enable Allianz companies and other Allianz Group companies around the world to reduce travel between high frequency routes by approximately 25%. With natural resource protection integrated into the global Allianz Group Code of Conduct and monthly employee communications on climate change issues,

Allianz employees are increasingly engaged in assuring their companies make progress towards greenhouse gas reduction goals.

More details on the Allianz Group EMS, including global governance, strategy and achievements, can be found on pp.23-30 of the 2010 Allianz Sustainability Report (see Appendix).

**2. Does the company have a climate change policy with respect to risk management and investment management? If yes, please summarize. If no, how do you account for climate change in your risk management?**

Yes.

Allianz has developed a long-term strategy to address climate change risks and opportunities and to reduce its own environmental impact. This strategy involves strengthening key partnerships, setting goals and targets, and developing new products and services. An 80 point action plan encompasses 17 objectives, among which are reducing the company's carbon emissions, developing products and services geared to address climate change, risk management objectives, leveraging climate change research, and contributing to related public policy development. As part of this comprehensive strategy, a program on emerging risks was integrated into the Allianz Group Risk Policy in 2004 and explicitly includes climate change as a distinct and ongoing topic in the Group Risk Policy. Identifying the impact of, and adequate response to, climate change risks and opportunities across the Allianz companies has become a key focus of the Group's Emerging Risks platform. In addition, the Allianz companies have implemented a Group-wide Catastrophe Risk Policy and are investigating the potential impact of climate change risks in this regard, and in doing so are able to draw on the scientific and analysis capacities of the Allianz Re Cat Management Group where climate risks are also being investigated. As a result, Allianz Group companies are working to assess climate change in their existing risk management and investment management processes. In addition to each businesses independent response to climate change impacts on risk management and investments, global consistency and coordination is ensured through a comprehensive annual review of the broader Allianz Climate strategy, reported to the Allianz Board of Management. Allianz has also developed a stand-alone business unit "Allianz Climate Solutions" that houses significant climate risk related expertise and is helping adjust Group Risk Policies and Standards that govern worldwide businesses, as well as Group investment strategies. This unit also provides technical and other expertise that the U.S. and other worldwide businesses can draw upon as they respond to climate risk issues ranging from responsive product development to risk management and investment considerations. Allianz Real Estate also began development of a formal concept for the evaluation of several building categories in order to build a foundation from which to develop carbon-related guidelines in 2010, now being used in pilots.

More details on the Allianz Group-wide Risk Management System - which includes climate risk considerations as part of extensive risk capital calculations and various risk governance structures and strategies, is available on pp. 10-11 of the 2010 Allianz Sustainability Report (see Appendix). Additional discussion of the Allianz Group's broader strategy for addressing climate change issues can be found on pp. 16-20 of the 2010 Sustainability Report.

**3. Describe your company's process for identifying climate change-related risks and assessing the degree that they could affect your business, including financial implications.**

Allianz companies regularly assess climate change related business risks and financial implications through the risk governance structures described in survey response (2) above. In addition, the Allianz companies in the U.S. actively participate in an Insurance Center of Competence on Climate Change, which convenes senior business leaders to assess the latest

knowledge on climate related risks and opportunities facing our businesses and customers, and to develop products, services and business strategies that reduce greenhouse gas emissions, adapt to climate risks, and improve understanding of emerging climate risks.

**4. Summarize the current or anticipated risks that climate change poses to your company. Explain the ways that these risks could affect your business. Include identification of the geographical areas affected by these risks.**

Allianz companies, and the customers we serve, face a variety of potential physical, regulatory and other risks and opportunities related to climate change.

For example, although our businesses are not significant greenhouse gas sources and are thus unlikely to face significant greenhouse gas regulation risks, we are monitoring how existing and proposed state and federal greenhouse gas regulations might create compliance risks and costs for our commercial clients – both as a factor we need to consider in our investment analysis, and as a service to our customers like the recently launched Allianz Global Corporate and Specialty coverage for damage or losses which prevent our clients from deliver carbon reduction certificates as planned. Similarly, evolving state and federal policy and regulation ranging from energy efficiency and renewable energy mandates to building codes need to be accounted for in our investment due diligence and underwriting criteria. With responsive insurance coverages like Fireman's Fund's industry leading green building and rebuilding insurance policies we enable our customers to upgrade their buildings to efficient standards and thus help to mitigate emissions. According to Allianz data, there has been a fifteen-fold increase in weather-related insurance claims over last 30 years. In Allianz's global industrial insurance business, 40% of damages are due to natural catastrophes. Over the next decade, Allianz estimates average losses for the insurance industry could grow to US\$41 billion per annum. Allianz companies draw upon the data analysis, meteorological, climate science and other expert resources such as the competence center for Natural Catastrophes within the Allianz Group Reinsurance unit, as well as broad partnerships with the international climate science community and related NGOs, to constantly update our understanding of the links between climate change and physical risks from more frequent and extreme severe weather – including heat waves, droughts, wildfires, thunderstorms and tornadoes, winter storms and severe cold weather, flooding and sea level rise. We are constantly working to access and help develop more precise and certain knowledge about the links between complex changes in the climate system and specific emerging and forecast impacts – not only because uncertainty in this regard is a risk to our ability to protect our customers and business assets, but also because our industry can play a key role working to integrate sophisticated risk modeling and risk management expertise with emerging climate science in a way that protects the availability and affordability of insurance solutions for our clients. We are also working closely with modeling agencies to better understand how they are integrating potential physical climate change risks into sophisticated modeling of exposures and potential losses, as well as various adaptive and loss-reduction methods and scenarios.

In addition to reviewing reports by the Intergovernmental Panel on Climate Change, the U.S. Climate Change Science Program, and other leading climate science sources, we partner with environmental organizations to commission and contribute to additional research on climate science, impacts, and implications for insurers. For example, our most recent of several reports commissioned in partnership with the World Wildlife Fund entitled *Major Tipping Points in the Earth's Climate System and Consequences for the Insurance Sector* evaluated potential thresholds in current climate projections to 2050, their economic costs, and assets at risk. The study follows a U.S. cooperation between Allianz and WWF that began with an influential 2006, report *Climate Change and Insurance: An Agenda for Action in the United States*, outlining the potential risks and solutions for the U.S. insurance industry. These are among many additional research efforts like Allianz's Hedging Climate Risk report and participation in the industry collaborative that resulted in the *Coastal Resiliency Blueprint*, which further examine insurance and policy solutions to the issue of concentrating population and rising value of infrastructure along floodplains and in coastal regions vulnerable to potential climate change impacts.

Ultimately, no one report can conclusively determine precise climate change impacts and risks and the appropriate insurance business response -- but as confidence in climate science and our understanding of impacts evolves, Allianz and its companies commission, collaborate and gather the broadest possible sources of credible research to inform our business decisions and protect our customers.

As office based companies with no manufacturing facilities, our direct exposure to such physical risks is somewhat limited, but nonetheless includes potential physical damage to corporate property and IT infrastructure, loss of employee working hours and business interruption, and higher operating costs in the form of energy demand and price affects. All of these are eventualities that the Allianz businesses are prepared for as part of the Allianz Group Business Continuity Planning and Crisis Management structures, which were set up in 2003 and have been adapted to include back-up office space solutions and IT infrastructure, teleworking models, and other measures that can respond to climate change related risks as our understanding of these risks develops.

Physical risks have a more significant implication in the form of potential underwriting risk, increased macroeconomic risk, and increased capital risk. Such physical risks underscore the need for loss mitigation investments that aim to preserve the affordability and availability of insurance. Through the Emerging Risk monitoring function of the Allianz Group and participation related forums coordinated by Harvard Medical School and others, Allianz is also monitoring physical risks that may create public health impacts that could indirectly affect Allianz of America's life insurance line.

In addition to underwriting risk, insurers may become exposed to reputational risk wherever climate risks may render certain perils and markets uninsurable due to inadequate loss mitigation and risk management, or encumbering regulations that prevent risk based pricing, constructive use of sophisticated loss exposure and mitigation measure modeling, enforcement of adequate codes, etc.

**5. Has the company considered the impact of climate change on its investment portfolio? Has it altered its investment strategy in response to these considerations? If so, please summarize steps you have taken.**

Yes. Allianz is investing in clean technology, renewable and alternative energy, and other sectors that respond to physical, regulatory and other climate change related risks and opportunities - and provide compelling financial and long term risk reduction results. As of Dec. 2009, Allianz has completed about €760 million of a planned €1.5 billion global investment in wind, solar and other renewable-energy sources by 2012. Some investments can be closely tied to the emissions reduction strategy referenced in the question 1 of this survey - for example, in 2010 Fireman's Fund approved an investment in fuel cell technology that will generate about 60% of the energy at their CA headquarters, yielding a 15% reduction in carbon emissions through energy savings that are expected to deliver a \$1.5 million return on investment over the next 10 years. The green technology and infrastructure investments of Allianz are guided by the company's deep expertise as a leader in these sectors – and match the more than €1.3 Billion (as of Dec. 2009) that retail investors in the U.S. and Europe have invested in the EcoTrends Fund offered by RCM, a company of Allianz Global Investors. Recognizing the connections between climate change and water resource issues, Allianz Global Investors also launched the Allianz RCM Global Water fund in 2008, which seeks long-term capital appreciation by investing in a portfolio of companies that are substantially engaged in water-related activities that relate to the quality or availability of or demand for potable and non-potable water. By the end of 2009, the Global Water fund totaled more than €58 million in. Allianz Investment Management, located in Minneapolis, MN, is tied in to the global AIM network and Allianz SE's investment strategies.

**6. Summarize steps the company has taken to encourage policyholders to reduce the losses caused by climate change-influenced events.**

Loss prevention is a critical component of how Allianz insurance companies are working to preserve the affordability and availability of adequate insurance in an era of climate change related risks. For example, Allianz works with other insurers, emergency managers and first responders, floodplain managers, and other key stakeholders in the SmarterSafer.org coalition to shape how both public and private insurance can promote loss prevention through two key principles: first and foremost, actuarially sound pricing that sends accurate risk signals about risky development in coastal plains and other areas exposed to climate risks, and second, investment in proven, cost effective pre-disaster loss mitigation investments that home and business owners can make. As the leading US insurer of green buildings and homes, Allianz is also working to merge loss prevention and the benefits of energy efficiency and greenhouse gas reductions as a win-win approach – by working in the broad based SmarterSafer.org and Rebuilding America coalitions to ensure that new federal incentives for energy efficient building and home improvements capture loss resiliency benefits, and working directly with customers as in the case of Fireman’s Fund Green Risk Management and Loss Control services, or the diverse risk consulting services Allianz Global Corporate & Specialty provides to industrial actors who are both exposed to climate related risks and play a key role in energy and other infrastructure development needed to help society adapt to these risks. Ultimately, our policies and risk consulting that enable clients to improve the energy efficiency of their homes and business operations represent a path towards energy savings for our customers and greenhouse gas reductions for the global environment, and thus a long term approach to mitigating future climate change related risks to our customers and our insurance businesses. Allianz has also worked with building code counsels and regulators, to create codes that we can help our customers recognize as critical loss prevention standards. Working with partners like Ceres on projects like the Coastal Resiliency Blueprint, Allianz has helped outline the steps customers can take to reduce climate related losses, provided that the insurance industry and policymakers set the appropriate framework for such measures. Fireman’s Fund also works closely with The Institute for Business & Home Safety (IBHS), the The International Association of Fire Chiefs (IAFC), and other partners to engage policyholders in support of disaster preparedness, These efforts relate closely to climate risks such as Wildfires, where for example, IAFC has helped define “Ember Zones” where Fireman’s Fund risk service consultants then recommend various measures that can be taken to safeguard a home from wildfire and prevent embers from entering a home. A summary fact sheet of Fireman’s Funds various offerings to connect policyholders with climate risk reduction – both in terms of loss prevention, and green solutions that reduce emissions and mitigate future physical climate risks, is available at:

[http://www.firemansfund.com/Documents/Green\\_Press\\_Kit.pdf](http://www.firemansfund.com/Documents/Green_Press_Kit.pdf)

**7. Discuss steps, if any, the company has taken to engage key constituencies on the topic of climate change.**

In addition to our customers, Allianz companies in the U.S. work with a broad set of stakeholders on climate change issues. We work closely with regulators and policymakers, -- for example, participating in Governor Schwarzenegger’s Alluvial Fan [flood plain] Task Force and the Maryland Insurance Commission’s Climate Change Advisory Committee, as the first insurer to become a U.S. Environmental Protection Agency Energy Star Partner, participating in several high-level meetings with the federal government including the White House Interagency Climate Change Adaptation Task Force meetings and a Capital Markets Partnership briefing for White House and Federal Agency Staff on Green Building Financing, etc. Fireman’s Fund also serves on the Capital Markets Partnership’s underwriting standard development committees for both sustainable manufacturing and integrative [green building] design, and works closely with the partnership’s other members and its national Chairman CA Lieutenant Governor Gavin Newsom. We also engage internationally through Allianz Group participation as co-chair of the United Nations Environment Program – Financial Initiative’s Climate Change Working Group, as a

participant in the Global Roundtable on Climate Change, as the first U.S. Insurer to join the UK based Climate Wise insurance industry collaborative, etc. We work closely with our industry peers, modeling firms, environmental groups, consumer and taxpayer advocates, emergency managers and first responders, and many other stakeholders in promoting environmentally sound, fiscally responsible natural catastrophe insurance models as part of the SmarterSafer.org coalition, and to promote loss-reduction adaptive measures with diverse partners on programs like the Coastal Resiliency Blueprint. We work with a broad-based coalition of labor, business, utilities, manufacturers, and policy groups that have come together in the Rebuilding America coalition to foster a robust, self-sustaining building energy efficiency retrofit industry that will cut energy use and greenhouse gas emissions in 50 million U.S. homes and businesses by 2020. Allianz companies participate in dozens of climate change related conferences each year, like the 2009 WWF Climate Savers Summit and the US Green Building Council's 2009 International Green Build conference. Through the Allianz of America Foundation, we work with educators and NGOs in developing programs like the Climate Witness project, which empowered youth displaced by Hurricane Katrina to study the impact of climate change and engage with their elected officials and communities in discussing impacts and solutions. Through the knowledge.allianz.com platform, we have specifically set out to engage the broadest possible dialogue on climate change impacts and solutions.

**8. Describe actions your company is taking to manage the risks climate change poses to your business including, in general terms, the use of computer modeling.**

All of the risk management actions discussed in the survey responses above are part of a broader fundamental approach to risk management that Allianz companies apply to manage any material risk to our customers and our businesses – whether they are climate change related or not. While loss mitigation, accumulated risk management, policyholder behavior, adequate risk research, and many of the other components described above are paramount, Allianz companies utilize reinsurance to manage aggregations of risk, as well as specific accumulated risks in certain geographic areas or perils – whether these are the result of climate change impacts, societal factors, or other causes. Reinsurance treaty purchases are managed in coordination with Allianz Group Reinsurance, which helps ensure that the global impacts of climate change and all of the Groups related data analysis, loss exposure modeling and other resources are leveraged. Allianz of America companies also collaborate closely with reinsurers, modeling firms, and other parties to ensure full understanding about how these third parties are integrating climate risk considerations and the potential transferred impact thereof on our businesses and results.

With respect to the issue of modeling, Allianz companies use in-house and third party models to assess potential loss exposure and risk vulnerability, including catastrophe risks that may be impacted by climate change, as a complement to other actuarial methods and means of reducing uncertainty. As for example we pointed out in our submission to the MD Insurance Departments Climate Change Advisory Committee, modeling firms are not only taking steps like updated medium-term forecasts of increased hurricane activity, but they are also modeling loss exposures alongside the cost/benefit of various policy and insurer loss mitigation measures that can be deployed. To the extent that climate change impacts may be impacting loss exposures and spurring a need for mitigation measures in ways where historic data are limited, this is a critical complement to the other measures our business, industry and policymakers can leverage to secure the availability and affordability of insurance solutions in an era of climate change risks. For insurers, modeling firms, and policymakers alike, it is critical that resources and dialogue be deployed with the focus of improving climate science accuracy and resolution with respect to the frequency and severity, location timeframe, etc. of related risks, thereby increasing the utility of models, accuracy of risk assessments and loss mitigation prioritization, pricing that is neither excessive nor inadequate, and other priorities for maintaining insurance affordability and availability.

Furthermore, because potential climate change impacts may increase the need for additional inter-temporal risk diversification beyond what traditional reinsurance can offer, and because of

peak loss events like the \$144 billion (of which \$49 billion were insured) in losses from Hurricane Katrina alone, Allianz has been a leader in developing alternative models for our businesses and customers to transfer risk to the capital markets through special instruments like Catastrophe Bonds. In 2007, Allianz created a dedicated team to investigate and execute transactions that transfer insurance risks, primarily natural catastrophe risks, into the capital markets. Capital markets can play an important role in spreading risks from natural disasters among a large group of capital providers. Since 2007, Allianz has accessed the capital markets repeatedly sourcing protection against peak risks, and this may become another particularly important risk diversification tool in light of projected climate change impacts on the frequency and severity of natural catastrophes.

###

#### APPENDIX – Additional Reference Materials



CDP 2010 Investor  
Information Request



Allianz SE 2010  
Sustainability Report

**Module: Introduction**

**Page: Introduction**

**0.1 Introduction**

Please give a general description and introduction to your organization.

Allianz Group is one of the leading global financial services providers and offers insurance and asset management solutions to approximately 75 million customers worldwide. In its core businesses Property-Casualty insurance, Life/Health insurance and Asset management, Allianz ranks among the top five players in 32 markets around the globe.

**0.2 Reporting Year**

Please state the start and end date of the year for which you are reporting data.

Enter Periods that will be disclosed
Thu 01 Jan 2009 - Thu 31 Dec 2009

**0.3 Are you participating in the Walmart Sustainability Assessment?**

No

**0.4 Modules**

As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire. If you are in these sectors, the corresponding sector modules will be marked as default options to your information request. If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see [www.cdproject.net/cdp-questionnaire](http://www.cdproject.net/cdp-questionnaire).

**0.5 Country list configuration**

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response.

Select country
Australia
Austria
Belgium
Brazil
Bulgaria
China
Croatia
France
Germany
Hungary
Indonesia
Ireland
Italy
Malaysia
Mexico
Netherlands
Czech Republic
Poland
Romania
Russia
Slovakia
South Korea
Spain
Colombia
Switzerland
Taiwan
Turkey
United Kingdom
United States of America

**0.6 Please select if you wish to complete a shorter information request.**

**Further Information**

**Module: Governance**

**Page: Governance**

**1.1 Where is the highest level of responsibility for climate change within your company?**

Board committee or other executive body

**1.1a**

**Please specify who is responsible.**

Other: Board of Management

**1.2 What is the mechanism by which the board committee or other executive body reviews the company's progress and status regarding climate change?**

The Allianz Group Climate Strategy was ratified by the Board in 2006. Responsibility for different parts of this strategy have been delegated to various Board members:

- Climate-related investments and Environmental Management: Dr. Paul Achleitner
- WWF climate change partnership and spokesperson for Allianz Group on issues related to Climate Change: Dr. Joachim Faber
- Green insurance products: Clem Booth

The following central entities are involved in the global execution of the Allianz Climate Change Strategy:

1. Allianz4Good: Responsible for the Group-wide environmental management system (EMS)
2. Allianz Climate Solutions: Responsible for coordinating commercial activities (insurance, investment, carbon emission trading related services) related to climate change across the Group
3. Allianz SE Reinsurance: Houses the Center of Competence on Natural Catastrophes, including climate risk modeling
4. Group Risk: Responsible for Group Risk Policy, including calculating appropriate risk capital related to environmental events (e.g. natural catastrophes)
5. Group Economic Research and Corporate Development: Responsible for materiality and forward-looking opportunity/risk assessments with regard to all megatrends, Environment & Climate being one of them.

Performance related to the Allianz Climate Strategy is reviewed on a regular basis by the Board of Management depending on the topic and external reporting needs (in 2009, this happened several times). For example, climate change impacts on risk management and investments are reported to the Board of Management annually in a comprehensive review of the broader Allianz Climate Strategy, with top-level oversight by the Allianz Group CEO and Chairman of the Board, and primary responsibilities delegated to members of the Board of Management responsible for insurance, as well as finance and asset management. Environmental Management performance, for example, is reviewed twice per year and tracked via a detailed scorecard of CO2 emissions.

**1.4 Do you provide incentives for the management of climate change issues, including the attainment of greenhouse gas (GHG) targets?**

Yes

**1.5 Please complete the table.**

Who is entitled to benefit from those incentives?	The type of incentives
Business unit managers	Monetary reward
Facility managers	Monetary reward
Energy managers	Monetary reward

**Further Information**

Climate Change Strategy attached as PDF More information on Climate Change at Allianz: [https://www.allianz.com/en/responsibility/challenges/climate\\_change/index.html](https://www.allianz.com/en/responsibility/challenges/climate_change/index.html) More information on the Environmental Management System: <https://www.allianz.com/en/responsibility/achievements/ecology/index.html>

**Attachments**

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Governance/AllianzClimate Change Strategy final.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Governance/AllianzClimate%20Change%20Strategy%20final.pdf)

**Module: Risks and Opportunities****Page: Risks & Opportunities Identification Process****2.1 Describe your company's process for identifying significant risks and/or opportunities from climate change and assessing the degree to which they could affect your business, including the financial implications.**

According to the Intergovernmental Panel on Climate Change (IPCC), carbon dioxide (CO2) emissions have increased by 80% since 1970 bringing about a high probability of, for example, an increase in extreme weather events. Global warming therefore has very clear implications for the insurance industry. Over the last 30 years, insurance payouts for weather-related incidents have risen fifteen-fold, a trend that also reflects increased urbanization and more insured property in climatically sensitive areas such as coastal regions and flood-prone zones. Allianz estimates that the cost of weather-related damage will increase to around €40 billion per annum by 2019. The increasing risk associated with climate change is why the insurance sector – and Allianz in particular – is keen to promote a low-carbon society.

Emerging risks were integrated into the Allianz Group Risk Policy in 2004, including climate change as a distinct and ongoing topic. More specifically, since 2007, the Allianz Catastrophe Risk Policy requires operational entities (OEs) to integrate climate change risks in their strategy and mandates the Allianz SE Reinsurance Natural Catastrophes (NatCat) Center of Competence to explicitly perform research on climate risk issues. Identifying the impact of, and adequate response to, climate change risks and opportunities across the Allianz companies has become a key focus of the Group's Emerging Risks platform, which is a regular topic on the agenda of the Allianz Group Risk Committee.

Climate change also impacts our customers' financial planning and risk mitigation strategies, and consequently the products and services Allianz offers as an insurance company. In 2007 Allianz set up a new subsidiary, Allianz Climate Solutions GmbH (ACS), with the brief of guiding the Allianz Group in a long-term, business-oriented approach to climate change. This involves:

- Informing the Group about climate change issues and helping our companies share their expertise
- Supporting the development and expansion of insurance products and other financial solutions for new technologies and renewable energy projects
- Advising customers on the opportunities arising from a low-carbon economy

In addition to this leadership role, ACS acts as an investment manager, providing high-value services by linking the competencies and expertise within the Group on renewable energies, clean technologies and the carbon market to the benefit of our clients.

Regular research on the impact of climate change is conducted by Allianz in partnership with external organizations such as the WWF. Recent studies (end 2009) are:

1. RECIPE - examining four CO2-intensive sectors of the European economy – power generation, industry (cement and steel), transport and agriculture – with proposed strategies for future emission reductions. The study enables the assessment of financial implications on our business.
2. „Tipping Points“ - WWF and Allianz detail the probable consequences of climate change if early action is not taken.

Financial implications are regularly assessed and risk capital is set aside to respond to potential claims due to climate change. The average internal underwriting risk capital after Group diversification that is allocated to natural catastrophe risks has been set at €1.4 billion by Group Risk (see Annual Report, 2009, page 195). In the Annual Report Allianz discloses the five largest accumulative scenarios for its loss potential for single events (probability once in 250 years, i.e. 0.4 %) and adjusted by reinsurance.

**Further Information**

More information on Allianz' risk strategy can be found in the 2009 Annual Report, p.196: <http://annualreport2009.allianz.com/reports/allianz/annual/2009/gb/English/0/home.html>

**Attachments**

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-)

[IdentificationProcess/RECIPE\\_synthesis\\_report.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor_CDP_2010/Shared_Documents/Attachments/InvestorCDP2010/RisksOpportunities-IdentificationProcess/RECIPE_synthesis_report.pdf)

[https://www.cdproject.net/Sites/2010/93/593/Investor\\_CDP\\_2010/Shared\\_Documents/Attachments/InvestorCDP2010/RisksOpportunities-IdentificationProcess/Tipping\\_Points\\_WWF\\_Allianz\\_01.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor_CDP_2010/Shared_Documents/Attachments/InvestorCDP2010/RisksOpportunities-IdentificationProcess/Tipping_Points_WWF_Allianz_01.pdf)

[https://www.cdproject.net/Sites/2010/93/593/Investor\\_CDP\\_2010/Shared\\_Documents/Attachments/InvestorCDP2010/RisksOpportunities-IdentificationProcess/Hedging\\_Climate\\_Change\\_Report.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor_CDP_2010/Shared_Documents/Attachments/InvestorCDP2010/RisksOpportunities-IdentificationProcess/Hedging_Climate_Change_Report.pdf)

Page: Regulatory Risks

3.1 Do current and/or anticipated regulatory requirements related to climate change present significant risks to your company?

Yes

Do you want to answer using:

The table below

3.2A

What are the current and/or anticipated significant regulatory risks related to climate change and their associated countries/regions and timescales?

Risk	Region/Country	Timescale in Years	Comment
Indirect exposure through suppliers and clients	Other: World-wide	Current	As a Global financial services provider with a small environmental footprint relative to other industries, Allianz' exposure to climate change regulatory risk is mostly related to the risks we accept for our insurance customers as well as the risks Allianz faces as an investor.

3.3

Describe the ways in which the identified risks affect or could affect your business and your value chain.

Climate policy/regulation affects Allianz through the risks we accept for our businesses and our customers across our business lines, as well as the risks Allianz faces as an investor through the company's holdings.

Risks identified:

1. National legislation on CO2 emission limits, be it through the European Emission Trading Scheme or through other forms of national regulation, will have repercussions on companies operating in those countries. Especially energy intensive industry sectors are currently affected by this legislation. An expansion of the emission trading regime to further industry sectors is foreseen in the European Union. For example, the inclusion of the aviation sector into the trading regime is on its way. As a large investor, Allianz is investigating the impact that such regulation might have on the stock value on an individual basis for those industry sectors most exposed to climate change regulation.

2. Climate change is also considered to be a threat to casualty insurance through litigation cases that may arise for insurance clients whose products have caused high greenhouse gas emissions (analogous to the cases occurring in the tobacco industry). This issue is also under review by Allianz legal and insurance experts.

3. Changing energy efficiency standards in different countries also will have repercussions on the investments our clients will have to undertake.

3.4 Are there financial implications associated with the identified risks?

Yes

3.5 Please describe them.

While Allianz faces some indirect regulatory risk associated with climate change, we consider this risk as small when compared with the benefits to our company of a more robust international regulatory environment surrounding climate change.

However, our recent research concerning the impact of climate regulation has revealed relevant information. The RECIPE study (2009): RECIPE examined four carbon dioxide (CO2)-intensive sectors of the European economy – power generation, industry (cement and steel), transport, and agriculture – and proposed strategies for future emission reductions. In this way we prepared an overview about the impact of climate change regulation on several sectors relevant to us as an insurer and investor.

3.6 Describe any actions the company has taken or plans to take to manage or adapt to the risks that have been identified, including the cost of those actions.

As Allianz faces mostly indirect regulatory risk associated with climate change, our mitigation strategy focuses mainly on monitoring potential impact of such risks to our business portfolio as part of our Group Risk Policy.

Allianz has conducted several assessment and compiled the results in various reports & studies to prepare for the management of risks arising from regulatory changes. Examples are:

1. The "Tipping Point" Study (2009) analyzes important tipping elements in the Earth's climate system including their economic consequences and implications for the insurance sector.
2. The RECIPE study (2009) examines four CO2-intensive sectors of the European economy – power generation, industry (cement and steel), transport and agriculture – and proposes strategies for future emission reductions. The study enables the assessment of financial implications on our business.
3. In July 2008 Allianz co-financed a report called "The Value of Carbon in China" which was commissioned by the WWF in China.
4. The Allianz Department "Economic Research and Corporate Development" released a study on the 'third industrial revolution' in October 2007, examining the changes towards more energy and resource efficiency and assessing the long-term effects of enhanced climate protection on the German economy. It identified which sectors will be amongst the winners and losers of enhanced climate protection on basis of mitigation pressure on the one hand and growth potentials on the other hand.

Further Information

For more information on the evaluation of the risks arising from climate regulation see the following attachments: RECIPE\_synthesis report, Tipping Points\_WWF\_Allianz\_01 and Financing Global Deal. The report "The Value of Carbon in China" can be downloaded under: [http://wwf.org.hk/eng/pdf/references/pressreleases\\_hongkong/WFcarbon\\_report\\_FINAL\\_20080630\\_ENG.pdf](http://wwf.org.hk/eng/pdf/references/pressreleases_hongkong/WFcarbon_report_FINAL_20080630_ENG.pdf). As a forward looking investor we are fostering clear climate regulation, see attachment: 2009\_investors\_agreement.PDF. Allianz screening of regulatory trends: A study commissioned by Allianz and the WWF examining the state of emission reduction commitments of the G8 nations was published in 2009 to highlight the involvement of G8 action regarding each country's climate commitments, Germany taking the overall lead before the UK and France. The study called "G8 Climate Scorecard 2009" can be downloaded under: [https://www.allianz.com/static-resources/en/press/news/studies/downloads/downloads\\_g8/report\\_g8\\_climate09.pdf](https://www.allianz.com/static-resources/en/press/news/studies/downloads/downloads_g8/report_g8_climate09.pdf)

Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor\\_CDP\\_2010/Shared\\_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/2009\\_investors\\_agreement.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor_CDP_2010/Shared_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/2009_investors_agreement.pdf)

[https://www.cdproject.net/Sites/2010/93/593/Investor\\_CDP\\_2010/Shared\\_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/Tipping\\_Points\\_WWF\\_Allianz\\_01.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor_CDP_2010/Shared_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/Tipping_Points_WWF_Allianz_01.pdf)

[https://www.cdproject.net/Sites/2010/93/593/Investor\\_CDP\\_2010/Shared\\_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/FinancingGlobalDeal.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor_CDP_2010/Shared_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/FinancingGlobalDeal.pdf)

[https://www.cdproject.net/Sites/2010/93/593/Investor\\_CDP\\_2010/Shared\\_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/RECIPE\\_synthesis\\_report.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor_CDP_2010/Shared_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/RECIPE_synthesis_report.pdf)

[https://www.cdproject.net/Sites/2010/93/593/Investor\\_CDP\\_2010/Shared\\_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/g8\\_climatescorecards\\_2009.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor_CDP_2010/Shared_Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryRisks/g8_climatescorecards_2009.pdf)

Page: Physical Risks

**4.1 Do current and/or anticipated physical impacts of climate change present significant risks to your company?**

Yes

**Do you want to answer using:**

The table below

**4.2A****What are the current and/or anticipated significant physical risks, and their associated countries/regions and timescales?**

Risk	Region/Country	Timescale in Years	Comment
Changes in frequency of extreme weather events	Other: World-wide	Current	Allianz has little direct exposure to physical risks as the company does not have complex manufacturing facilities. Risks arise for Allianz office buildings all over the world. However, only small scale interruptions could be recorded in the past due to extreme weather events.
Induced changes in supply chain and/or customers	Other: world-wide	Current	Allianz is mainly exposed to physical risks associated with climate change via the risks it underwrites as a global property and casualty insurer.

**4.3****Describe the ways in which the identified risks affect or could affect your business and your value chain.**

1. Although Allianz has little direct exposure to physical risks as the company does not have complex manufacturing facilities that face physical climate risks, physical damage due to climate change could and does impact the Allianz Group in a few other ways:

- Physical damage to corporate property due to more frequent extreme weather events
- Damages to the IT infrastructure
- Loss of working hours through employees not being able to commute or being absent due to climate change induced weather events.

A special crisis committee has also been put in place. The crisis committee monitors and responds to emergencies. It is a mechanism for uninterrupted and expedient board level decisions in the event of crisis. Crisis management falls under the responsibility of the Head of Group Communications, Emilio Galli-Zugaro, who reports directly to the Board of Management.

2. Allianz is mainly exposed to physical risks associated with climate change via the risks it underwrites as a global property and casualty insurer.

The number of natural catastrophes is already clearly trending upwards. The vast majority of these are weather related. This suggests there is a connection with the slow but constant increase in global temperatures resulting from climate change. Allianz sees a connection between climate change and frequency of extreme weather, with significant implications for insurers. Climate change presents far-reaching risks for businesses and investors through severe weather events and changes in the hydrological cycle:

- Tropical Cyclones (hurricanes, typhoons),
- Winterstorms,
- Thunderstorms and Tornadoes,
- Heat-waves, droughts and severe precipitation events,
- Sea level rise.

"Hedging climate change" is an Allianz study that focuses on the effects of the predicted insurance losses due to natural catastrophes. Urbanization along floodplains and in coastal regions is identified as one major cause of the increase of insurance claims. The study tries to identify possible effects of this development and discusses approaches to deal with them (see attachment).

**4.4 Are there financial implications associated with the identified risks?**

Yes

**4.5 Please describe them.**

1. Impact due to extreme weather events for Allianz own operations have been recorded but did not disrupt our business significantly.

2. Over the last 30 years, insurance payouts for weather-related incidents have risen fifteen-fold, a trend that also reflects increased urbanization and more insured property in climatically sensitive areas such as coastal regions and flood-prone zones. Allianz estimates that the cost of weather-related damage will increase to around €40 billion per annum by 2019.

Allianz estimates its largest weather-related loss potential (net of reinsurance) for the following individual events (measured at a probability level of one loss in 250 years, see Annual Report 2009, page 196):

- European windstorm: €1,1 billion
- German hail: €0,8 billion
- US hurricane: €0,7 billion

**4.6 Describe any actions the company has taken or plans to take to manage or adapt to the risks that have been identified, including the cost of those actions.**

Allianz models the actuarial risks presented by climate-related catastrophes in order to estimate the capital required to be set aside in order to cover such large-scale events. As of December 31st 2009, the average internal underwriting risk capital after Group diversification that is allocated to natural catastrophe risks has been set at €1,4 billion by Group Risk.

Disproportionally large risks that might accumulate and have the potential to produce substantial losses (including natural catastrophes) are closely monitored on a stand-alone basis and are subject to a global limit framework. Allianz uses reinsurance and dedicated financial transactions such as risk swaps to mitigate large exposures.

Since 2007 Allianz regularly returned to capital markets by sponsoring a total of five cat bond transactions with a total volume of approximately US\$850 million sourcing protection against peak risks such as UK flood, US earthquake and European windstorm. For example, the Flood Catastrophe Bond ('cat bond') enables Allianz to transfer potential losses from insurance claims resulting from severe flood damage in the UK, and Global earthquake damage in Canada and the USA (excluding California), to the capital markets. The cat bond on windstorms in Europe transfers to investors the risks of windstorms in Austria, Belgium, France, Germany, Ireland, the Netherlands and the UK, using a parametric index trigger.

In May 2010, Allianz SE Reinsurance again tapped capital markets as a strategic source of catastrophe protection with a third take down under the Blue Fin program with an issuance size of US\$150 million. This time, US hurricane and earthquake risks are combined in the new catastrophe bond.

Meanwhile, Poland, the Czech Republic, Hungary and Germany are currently being hit by destructive floods along several large river systems following intensive rain falls in May. In all markets, Allianz claims managers are busy in providing timely and accessible services to clients affected by the floods.

**Further Information**

Disclosure concerning Allianz' underwriting risk can be found on pages 195-196 in the 2009 Annual Report

**Attachments**

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-PhysicalRisks/Hedging Climate Change Report.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-PhysicalRisks/Hedging%20Climate%20Change%20Report.pdf)

**Page: Other risks****5.1****Does climate change present other significant risks - current and/or anticipated - for your company?**

Yes

**Do you want to answer using:**

The table below

**5.2A****What are the current and/or anticipated other significant risks, and their associated countries/regions and timescales?**

Risk	Region/Country	Timescale in Years	Comment
Reputational risks	Other: Worldwide	0 – 5	Allianz has committed to reduce its carbon emissions by 20% on a per employee basis by 2012 (using 2006 as a base line). While internal forecasts indicate that we are on target to meet this external commitment, there is a small reputational risk associated with this commitment.
Unpredictability of risks	Other: World-wide	0 – 5	For insurers, modelling firms, and policymakers alike, it is critical that resources and dialogue be deployed with the focus of improving climate science accuracy and resolution with respect to the frequency and severity, location timeframe, etc. of related risks, thereby increasing the utility of models, accuracy of risk assessments and loss mitigation prioritization, pricing that is neither excessive nor inadequate, and other priorities for maintaining insurance affordability and availability.
Market risks	Other: World-wide	Uncertain	On a macro economic level there is the risk that equity markets may fall due to weakened investor confidence, and economic slow down may cause interest rates to fall.

**5.3 Describe the ways in which the identified risks affect or could affect your business and your value chain.**

The risks mentioned above are of minor significance and are not expected to have large financial implications.

**Reputational Risk:**

The risks arises due to the fact that we might not meet our commitment of CO2 emission reduction. However, the reputational risk we are running is not significant as Allianz is not an energy intensive industry and the focus is on the risks we carry for our clients.

**Unpredictability of Risks:**

Climate modelling still bears significant uncertainties and the evaluation of our mid- to long-term risk exposure is dependent on these models.

**Market Risks:**

Weakened equity markets might have an impact on the assets we invest in.

**5.4 Are there financial implications associated with the identified risks?**

Yes

**5.5****Please describe them.****Unpredictability of Risks:**

Exposure levels due to climate change might change and areas that have been heavily affected by climate change and were insured by Allianz might become areas with a lower level of exposure or vice versa. However, due to the high uncertainties of climate models, predictions are difficult. We rely on the observation of changes in weather patterns and calculate and adjust our risk capital accordingly on a regular basis.

**5.6****Describe any actions the company has taken or plans to take to manage or adapt to the other risks that have been identified, including the costs of those actions.****Reputational Risks:**

The Environmental Management System (EMS) allows Allianz to track environmental performance. The Allianz EMS is an important management tool that brings us in line with the international standard for environmental management, ISO 14001, as well as the European Eco-Management and Audit Scheme (EMAS) and enables us to monitor and control our five major areas of environmental concern:

Energy consumption,  
Business travel,  
Paper consumption,  
Waste production,  
Water consumption.

Since 2009 we have been gathering data on our Group-wide emissions in a standardized process that includes all Allianz companies with more than 400 employees. As demanded by the Allianz CO2 Reduction Program, we have developed a scorecard to help us gather CO2-related data. The scorecard visualizes the development of our CO2 emissions. Data analysis allows us to identify areas where more intensive efforts are required and enables us to estimate potential emissions-reduction areas in years to come. Moreover, we are continually optimizing this CO2 emissions management process.

Our 15% reduction in CO2 emissions per employee since 2006 shows that we are on the right track towards achieving our 20% target by 2012. The data clearly show that we are already making good progress towards our CO2 reduction target — mainly thanks to cutting down on electricity consumption and business travel, and the increased use of renewable energy.

**Unpredictability of Risks:**

With regard to the financial implications due to climate change, Allianz Group Risk models the actuarial risks presented by climate-related catastrophes in order to estimate the capital required to be set aside in order to cover such large-scale events. The average internal underwriting risk capital after Group diversification that is allocated to natural catastrophe risks has been set at €1.4 billion by Group Risk (see Annual Report). In the Annual Report, Allianz discloses the five largest accumulative scenarios for its loss potential for single events (probability once in 250 years, i.e. 0.4 %) and adjusted by reinsurance.

**Further Information**

## Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-Otherisks/2009 Annual Report AZ Group.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-Otherisks/2009%20Annual%20Report%20AZ%20Group.pdf)

## Page: Regulatory Opportunities

**6.1**  
Do current and/or anticipated regulatory requirements related to climate change present significant opportunities for your company?

Yes

## Do you want to answer using:

The table below

**6.2A**  
What are the current and/or anticipated significant regulatory opportunities and their associated countries/regions and timescales?

Opportunities	Region/Country	Timescale in Years	Comment
Indirect exposure through suppliers and clients	Other: World-wide	Current	1. Tighter regulation will continue to spur innovation and cost reduction in "green products", thus allowing Allianz to procure green products (such as renewable energy, green IT, etc.) at reasonable cost, thus making it easier for Allianz to meet its own environmental targets. 2. Increased regulation also provides opportunities for Allianz product innovation (see 6.3 below for some examples)
Product efficiency regulations and standards	United Kingdom	Current	Our Group company, Allianz UK, is using the new EU Energy Efficiency in Buildings Directive as a business opportunity, leveraging internal energy efficiency knowledge as a consulting service. Our German Group company, Allianz Germany, is also using the energy efficiency in building standard as a new business opportunity.

**6.3**  
Describe the ways in which the identified opportunities affect or could affect your business and your value chain.

We are preparing our company for the impact climate change will have on our customers and business. We also aim to contribute towards a low-carbon economy by providing appropriate products and services.

The Allianz Climate Change Strategy involves:

1. Products and services: We are developing products that buffer financial risks caused by climate change and help minimize greenhouse gas emissions. The development of green products enables our customers to mitigate their impact on our planet. Their development and marketing may be boosted by unilateral emission reduction targets under discussion in several of our core markets, including Brazil, India and China (the so-called 'BRIC' countries).
2. Investments and technologies: We continue to invest a significant amount of capital in low-carbon technologies such as wind and solar energy and shape market developments through our environmental technology funds. Provision of alternative investments for projects promotes renewable energy, greater energy efficiency, and clean technology. These investments are likely to attract more funds if new legislation and stricter emissions levels are enforced.

**6.4** Are there financial implications associated with the identified opportunities?

Yes

**6.5**  
Please describe them.

Premium or fee income associated with the introduction of new products, services and investments.

**6.6**  
Describe any actions the company has taken or plans to take to exploit the opportunities that have been identified, including the investment needed to take those actions.

In May 2007, Allianz founded the subsidiary Allianz Climate Solutions GmbH (ACS) to focus on developing tailor-made climate change-related products for customers across all our service lines. With this specific expertise, Allianz is continuously researching and developing new products and working with our clients to help address their climate change challenges through our core services – insurance, asset management and banking. This business unit also focuses on the growing market for renewable energies, clean technologies and carbon related services such as consulting in the emission trading area. ACS also acts as a think tank for future investment trends of the Allianz Group.

Some examples of Allianz products developed in response to new regulatory developments:

1. In April 2008, Allianz Engineering in the UK launched a new suite of products in line with the new EU Energy Performance of Buildings Directive.
2. Since early 2009, Mondial Assistance is offering a new energy savings package for home owners in France which, since May, is also promoted by government-backed financing for energy efficiency measures.
3. In July 2008, Allianz Germany together with the Allianz Craftsmen Service developed an all-round service for private clients including an online energy consumption calculator, a demand-oriented energy ID and comprehensive energy advisory. Increasing energy costs receive growing attention by private and commercial clients who try to control their energy consumption themselves. Via an online platform, clients can calculate their energy needs, receive an energy ID and book an energy advisory service. In the beginning of 2009 Allianz Germany supplemented these services with a campaign to measure the energy characteristics of homes by equipping 500 tied agents with infrared cameras in order to take a heat image of their client's houses which serves as the basis for potential energetic improvements. Further information can be accessed under (in German only): <https://www.allianz-services.de/energiesparen.php>
4. The German Renewable Energy Feed-in law has triggered massive dissemination of renewable energy in the market. New investment opportunities are arising in the area of renewables. Allianz Specialized Investments has focused on this market and increased its investment portfolio to about 20 wind- and solar parks across Europe with an investment volume of EUR 760 million by end of 2009.

## Further Information

More information on the challenge of climate change can be found on our webpage: [https://www.allianz.com/en/responsibility/challenges/climate\\_change/index.html](https://www.allianz.com/en/responsibility/challenges/climate_change/index.html) Web-site of Allianz Climate Solutions: <http://www.acs.allianz.com/en/index.html> In June 6 2009, the UNEP Finance Initiative (UNEP FI) Climate Change Working Group, co-chaired by Allianz and HSBC, presented its views on a future climate agreement at a side event of the Bonn Climate Negotiations. The views of UNEP FI are being presented in a "Green Paper on Financing a Global Deal on Climate Change" which outlines six proposals on how a future climate agreement could be made most attractive for private finance sector participation. The side event, aimed at connecting international climate change negotiators with financial practitioners was chaired by the Preeti Bandhari, Head of the Finance Cooperation of the UN Climate Secretariat and featured a podium discussion with leading negotiators from Germany, South Korea and Mexico as well as financial institutions. The Green Paper is attached.

## Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryOpportunities/FinancingGlobalDeal.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryOpportunities/FinancingGlobalDeal.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryOpportunities/Mondial Assistance Products.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-RegulatoryOpportunities/Mondial%20Assistance%20Products.pdf)

**7.1 Do current and/or anticipated physical impacts of climate change present significant opportunities for your company?**

Yes

**Do you want to answer using:**

The table below

**7.2AWhat are the current and/or anticipated significant physical opportunities and their associated countries/regions and timescales?**

Opportunities	Region/Country	Timescale in Years	Comment
Induced changes in supply chain and/or customers	Other: World-wide	Current	Allianz is in the business of insuring against risk. Increasing threats due to more frequent and potentially more severe events caused by global warming also lead to higher demand for insurance.

**7.3 Describe the ways in which the identified opportunities affect or could affect your business and your value chain.**

Increasing threats due to more frequent and potentially more severe events caused by global warming also lead to higher demand for insurance.

There is still a big gap between total losses and insured losses which is greatest in developing countries, where insurance markets are still rudimentary. Even in developed economies a large share of catastrophe risks still remain uninsured. In the biggest individual case of financial loss to date, Hurricane Katrina caused US\$ 144 billion in total losses in the southern United States, only US\$49 billion (~35%) of which were insured.

This opportunity is, however, a double-edged sword. Only with effective risk-management capabilities and capital market expertise (e.g. the ability to transfer risk to the capital markets via Cat Bonds) can insurance firms ensure that they are able to cover the risks they are underwriting, and thus take advantage of this opportunity.

**7.4****Are there financial implications associated with the identified opportunities?**

Yes

**7.5****Please describe them.**

Over the last 30 years, insurance payouts for weather-related incidents have risen fifteen-fold, a trend that also reflects increased urbanization and more insured property in climatically sensitive areas such as coastal regions and flood-prone zones. Allianz estimates that the cost of weather-related damage will increase to around €40 billion per annum by 2019.

However, these risks also bear new business opportunities as well. Huge catastrophe risks can be transferred to the market via bond solutions or weather derivatives can be set up hedging one risk against the other or weather index insurance can be provided to e.g. the agricultural sector.

**7.6****Describe any actions the company has taken or plans to take to exploit the opportunities that have been identified, including the investment needed to take those actions.**

Allianz only writes new property and casualty business if it fits within our risk appetite and target margins can be achieved. Disproportionally large risks that might accumulate and have the potential to produce substantial losses (including natural catastrophes) are closely monitored on a stand alone basis and are subject to a global limit framework. Allianz uses reinsurance and dedicated financial transactions such as risk swaps to mitigate large exposures.

**CATASTROPHE BONDS:**

Since 2007 Allianz regularly returned to capital markets by sponsoring a total of five cat bond transactions with a total volume of approximately US\$850 million sourcing protection against peak risks such as UK flood, US earthquake and European windstorm. For example, the Flood Catastrophe Bond ('cat bond') enables Allianz to transfer potential losses from insurance claims resulting from severe flood damage in the UK, and Global earthquake damage in Canada and the USA (excluding California), to the capital markets. The cat bond on windstorms in Europe transfers to investors the risks of windstorms in Austria, Belgium, France, Germany, Ireland, the Netherlands and the UK, using a parametric index trigger.

In May 2010, Allianz SE Reinsurance again tapped capital markets as a strategic source of catastrophe protection with a third take down under the Blue Fin program with an issuance size of US\$150 million. This time, US hurricane and earthquake risks are combined in the new catastrophe bond.

**WEATHER INDEXBASED SOLUTION:**

In June 2008, the Rosno Climate Insurance Initiative (Rosno being the Russian subsidiary of Allianz Group) launched crop insurance in Russia which is able to combine a traditional agricultural and weather index insurance with modern methods of capital markets. The crop insurance covers yield shortfall due to crop damage caused by natural hazards and in addition provides compensation to farmers in case rainfall or temperatures during a crop growing cycle have been insufficient to optimize the crop yield.

**Further Information****Attachments**

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-PhysicalOpportunities/Allianz US climate change study final.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-PhysicalOpportunities/Allianz%20US%20climate%20change%20study%20final.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-PhysicalOpportunities/Hedging Climate Change Report.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-PhysicalOpportunities/Hedging%20Climate%20Change%20Report.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-PhysicalOpportunities/Tipping\\_Points\\_WWF Allianz\\_01.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-PhysicalOpportunities/Tipping_Points_WWF_Allianz_01.pdf)

**8.1 Does climate change present other significant opportunities - current and/or anticipated - for your company?**

Yes

**Do you want to answer using:**

The table below

**8.2AWhat are the current and/or anticipated other significant opportunities and their associated countries/regions and timescales?**

Opportunities	Region/Country	Timescale in Years	Comment
New services and/or product market opportunities	Other: Worldwide	Current	See 8.6 and the Climate products fact sheet for examples of new product offerings related to climate change.

## 8.3

Describe the ways in which the identified opportunities affect or could affect your business and your value chain.

Customers increasingly demand "green" products that not only cover their risks but also reward their environmental behaviour. Allianz continues to introduce green product and service offerings in several countries, which now total about 50 products. A selection can be found in the answer to 8.6 and the full list of 50 ecoproducts covering insurance, assistance / consulting services and asset management products such as environmental theme funds is attached.

## 8.4 Are there financial implications associated with the identified opportunities?

Yes

## 8.5

Please describe them.

All new business opportunities provide further income in the form of premium or fees.  
Please refer to 8.6

## 8.6 Describe any actions the company has taken or plans to take to exploit the opportunities that have been identified, including the investment needed to take those actions.

A selection of Allianz' "green" product offerings:

- Allianz Global Investors' (AllianzGI) RCM Global EcoTrends fund invests in companies offering products and services in renewable energy, environmental protection (environmental quality, waste disposal, recycling) and water enhancement projects. The fund has collected over €1.3 billion until Dec 2009 since its launch in May 2006 in USA, UK, Taiwan, Korea and Germany. AllianzGI has also launched the Allianz RCM Global Water fund in 2008, which seeks long-term capital appreciation by investing in a portfolio of companies that are substantially engaged in water-related activities that relate to the quality or availability of or demand for potable and non-potable water. It totals more than €58 million in assets at the end of 2009.

- Allianz Specialized Investments, a division of Allianz Capital Partners, is investing a proportion of life insurance premiums into wind farms and photovoltaic power plants across Europe. Allianz has proclaimed the goal to invest €300–500 million into renewables by 2010, this goal was surpassed in 2009 with a total volume of €760 million. The Group owns 20 wind - and solar parks in Italy, Germany and France and plans to further expand this portfolio. The output of those assets so far can provide power to about 290,000 households for a year. It is planned to invest in total €1.5 billion into renewable energy, half of it into wind energy and the other half into solar, by 2012.

- Since September 2008, Allianz Australia offers premium discounts for motor insurance clients that have low, environmentally friendly levels of vehicle use. Allianz customers who have low weekly vehicle use are rewarded with modest premium discounts for emitting less greenhouse gases compared to people who regularly use their car to commute to work or study and/or travel long distances each week. A similar product is offered by Allianz Austria.

- In June 2008, the Rosno Climate Insurance Initiative (Rosno being the Russian subsidiary of Allianz Group) launched crop insurance in Russia which is able to combine a traditional agricultural and weather index insurance with modern methods of capital markets. The crop insurance covers yield shortfall due to crop damage caused by natural hazards and in addition provides compensation to farmers in case rainfall or temperatures during a crop growing cycle have been insufficient to optimize the crop yield.

- Since April 2008, Allianz Risk Transfer offers Performance Guarantees for the Solar Power Industry. The use of new and innovative technologies often leads to unknown risks that can hardly be evaluated. Therefore companies in the solar industry grant long-term guarantees for their products, with financial impacts for the whole project life-cycle. Allianz Risk Transfer developed an insurance solution specifically tailored to these high-tech solar manufacturers.

- Fireman's Fund Insurance Company (FFIC), a company of Allianz, was the first property and casualty insurance company to offer green insurance to the U.S. commercial marketplace (its Green Guard Commercial Building Coverages was inception in 2006), and continues to be an industry leader in providing innovative, market-leading green insurance and related services. The company has expanded its green insurance from commercial to personal, including green insurance for historic buildings, hotels, manufacturing facilities, restaurants, homes and personal and commercial automobiles.

- Since August 2009, FFIC offers a green auto insurance with a hybrid upgrade. If the car is stolen or damaged beyond repair, FFIC pays the full replacement cost and not only the actual cash value for the first three/five years. The hybrid auto upgrade enables policyholders to upgrade to a hybrid model (or its equivalent) during the first three model-years in the event of a total loss. This is an attractive choice for those car owners who want to protect the value of their assets, reduce their energy costs and protect the environment. Research showed that ninety percent of US adults are open to choosing a hybrid, if they were considering of buying a new vehicle.

## Further Information

More products and services can be found in the attachment and under [https://www.allianz.com/en/customer\\_solutions/green\\_solutions/index.html](https://www.allianz.com/en/customer_solutions/green_solutions/index.html) More on climate change in general can be found under: [https://www.allianz.com/en/responsibility/challenges/climate\\_change/index.html](https://www.allianz.com/en/responsibility/challenges/climate_change/index.html)

## Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-OtherOpportunities/Allianz US climate change study final.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-OtherOpportunities/Allianz%20US%20climate%20change%20study%20final.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-OtherOpportunities/Mondial Assistance Products.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-OtherOpportunities/Mondial%20Assistance%20Products.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-OtherOpportunities/Hedging Climate Change Report.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-OtherOpportunities/Hedging%20Climate%20Change%20Report.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/RisksOpportunities-OtherOpportunities/09 11 Climate products factsheet.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/RisksOpportunities-OtherOpportunities/09%2011%20Climate%20products%20factsheet.pdf)

## Module: Strategy

## Page: Strategy

## 9.1

Please describe how your overall group business strategy links with actions taken on risks and opportunities (identified in questions 3 to 8), including any emissions reduction targets or achievements, public policy engagement and external communications.

In 2006, Allianz adopted a comprehensive Climate Change Strategy in four core areas. Besides working to minimize the carbon footprint of our own business processes, we are preparing our company for the impact climate change will have on our customers and business. We also aim to contribute towards a low-carbon economy by providing appropriate products and services.

The Allianz Climate Change Strategy involves:

- 1) Products and services: We are developing products that buffer financial risks caused by climate change and help minimize greenhouse gas emissions.
- 2) Investments and technologies: We continue to invest a significant amount of capital in low-carbon technologies such as wind and solar energy and shape market developments through our environmental technology funds.
- 3) Operations and carbon footprint: We are reducing the carbon emissions from our own operations, for example from office buildings and business travel. In 2006, Allianz set itself the target of reducing the greenhouse gas emissions of the entire Group to 20% lower than 2006 levels by 2012. In 2009 our strategy for carbon dioxide reduction was updated to better address the climate-change risks and opportunities to our business and reduce our own environmental impact.
- 4) Research and advocacy: As we believe that knowledge entails responsibility, we are striving to raise the public's and politicians' awareness of climate risks and the economic

consequences.

Details on each of these four core areas can be found at the following web-address:

[https://www.allianz.com/en/responsibility/challenges/climate\\_change/our\\_approach/our\\_approach.html](https://www.allianz.com/en/responsibility/challenges/climate_change/our_approach/our_approach.html)

#### Further Information

For detailed information on Allianz' Climate Change strategy, please visit: [https://www.allianz.com/en/responsibility/challenges/climate\\_change/our\\_approach/our\\_approach.html](https://www.allianz.com/en/responsibility/challenges/climate_change/our_approach/our_approach.html)

#### Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Strategy-Strategy/Allianz Climate Change Strategy final.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Strategy-Strategy/Allianz%20Climate%20Change%20Strategy%20final.pdf)

#### Page: Strategy - Targets

#### 9.2

##### Do you have a current emissions reduction target?

Yes

#### 9.6

Please complete the table. (If you have a current emissions reduction target or have a recently completed target)

Target Type	Value of Target	Unit	Base year	Emissions in base year (metric tonnes CO2-e)	Target Year	GHGs and GHG sources to which the target applies	Target met?	Comment
Absolute emissions reduction	20.00	% reduction from base year	2006	551336.00000	2012	Scope 1 + 2 + 3	Target ongoing	Our 15% reduction in CO2 emissions per employee since 2006 shows that we are on the right track towards achieving our 20% target by 2012. The data show that we are already making good progress towards our CO2 reduction target — mainly by cutting down on electricity consumption and business travel, and the increased use of renewable energy.

#### Further Information

For more information on our CO2 reduction strategy, targets and achievements: [https://www.allianz.com/en/responsibility/achievements/ecology/decreasing\\_co2/decreasing\\_co2.html](https://www.allianz.com/en/responsibility/achievements/ecology/decreasing_co2/decreasing_co2.html)

#### Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Strategy-Targets/CO2 reduction commitment and concept catalogue of general measures.doc](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Strategy-Targets/CO2%20reduction%20commitment%20and%20concept%20catalogue%20of%20general%20measures.doc)

#### Page: Strategy - Emission Reduction Activities

#### ¿

##### Is question 9.7 relevant for your company?

Yes

#### 9.7

Please use the table below to describe your company's actions to reduce its GHG emissions.

1. Actions - please describe	2. Annual energy saving	3. Annual energy savings - number	4. Annual energy saving - units	5. Annual emission reduction in metric tonnes CO2-e	6. Reduction - achieved or anticipated	7. Investment - number	8. Investment - currency	9. Monetary savings - number	10. Monetary savings - currency	11. Monetary savings	12. Timescale of actions & associated investments (if relevant)
- Overall reduction achievement reached by 2009: - Avoidance and reduction: for detailed examples on all indicators see attachment Energy_savings_question_9.7.doc; - Substitution: Purchasing renewable electricity in operating entities (attachment under question 9.6.)	Not relevant	6068359	Other: GWh	37507	Achieved		Insignificant costs - not quantified	43900000	EUR(€)	Achieved	2006-2009 Investment Explanation: Investments for "green solutions" are made in the course of the natural life cycle substitution of equipment / devices not particularly leading to major additional investments. Exceptions within single operating entities are possible but are not monitored by our Group Environmental Management System.

9.9

Please provide any other information you consider necessary to describe your emission reduction activities.

Our carbon dioxide target is a 20% reduction in our greenhouse-gas emissions by 2012, based on 2006 levels. We focus our carbon reduction strategy on the following three levers:

1. Substitution of fossil-fuel energy with alternatives from renewable sources
2. Avoidance of emissions through increased use of communications technologies (for instance, video-conferencing) to avoid unnecessary travel
3. Reduction of emissions caused through the consumption of energy, paper, and water (for example, through the use of power-saving alternatives such as low-energy lighting).

Allianz is dedicated to maintaining the highest standards in environmental management, and we are continually searching for ways to improve internal processes. One of our goals for 2010 is to further align our environmental data collection and controlling processes with the well-established procedures for financial reporting.

In our carbon concept we are focusing on the three major levers for emission cuts: 1. energy (65% global CO<sub>2</sub> emissions), 2. business travel (29% global CO<sub>2</sub> emissions) and 3. paper (5% global emissions).

For extensive details on our emission reduction measures and Best Practices on Group and local level, please see attachment Energy\_savings\_question 9\_7.

9.10

Do you engage with policy makers on possible responses to climate change including taxation, regulation and carbon trading?

Yes

9.11

Please describe.

To raise awareness of how urgent the climate change issue is, Allianz is working closely with key opinion leaders in the regulatory, public, and private sectors. We also want to help these three sectors work together effectively in channelling international financial investment towards mitigating and adapting to climate change.

Despite justifiable criticism of what was achieved in Copenhagen, the Climate Conference in December 2009 was another milestone in dealing with this issue. Although the Copenhagen Accord is not a binding agreement, it does provide a point of entry for private-sector involvement in the United Nations (UN) Framework Convention on Climate Change (UNFCCC). Throughout 2010, there are plans for discussions between private financial institutions, private financiers, and governments to advance the development of public-private finance mechanisms. As a member of the Climate Change Working Group of the United Nations Environment Programme Finance Initiative (UNEP FI), Allianz promotes proposals that encourage the financial sector to tackle climate change issues.

Selected Initiatives:

1. Carbon Disclosure Project (CDP): Allianz was a founding signatory and in April 2010, supported the first CDP call for water disclosure.
2. 2009 Investor Statement on the Urgent Need for a Global Agreement on Climate Change: Endorsed by over 180 financial institutions, including Allianz Global Investors, this document sets out what these companies believe should be the key elements of an international agreement on climate change management and improvement plans.
3. 2° – German CEOs for Climate Protection: The objective of this initiative, established by Allianz and nine other leading German companies in partnership with policy makers, is to limit global warming to no more than 2°C above pre-industrialization levels.

#### Further Information

For more information on "Advocacy" please see: [https://www.allianz.com/en/responsibility/challenges/climate\\_change/research\\_advocacy/research\\_advocacy.html](https://www.allianz.com/en/responsibility/challenges/climate_change/research_advocacy/research_advocacy.html) For more information on "CO<sub>2</sub> Reduction" please see: [https://www.allianz.com/en/responsibility/achievements/ecology/decreasing\\_co2/decreasing\\_co2.html](https://www.allianz.com/en/responsibility/achievements/ecology/decreasing_co2/decreasing_co2.html)

#### Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Strategy-EmissionReductionActivities/Energy\\_savings\\_question\\_9\\_7.doc](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%2010/Shared%20Documents/Attachments/InvestorCDP2010/Strategy-EmissionReductionActivities/Energy_savings_question_9_7.doc)

#### Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: Emissions Boundary - (1 Jan 2009 - 31 Dec 2009)

10.1

Please indicate the category that describes the company, entities, or group for which Scope 1 and Scope 2 GHG emissions are reported.

Companies over which financial control is exercised per consolidated audited financial statements

10.2

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions within this boundary which are not included in your disclosure?

No

#### Further Information

Allianz exerts its environmental governance over 37 Group companies, i.e. 81% of its employees (i.e. 153,000 employees) world-wide. Due to the wide-spread and decentralized units of the Group, we have decided to focus on operations larger than 400 employees in order to have the strongest lever for action, e.g. on large office buildings. Most of these operations are consolidated in only a few buildings. However, some of the companies are wider spread and have in turn focussed on their larger subunits. On that basis we are extrapolating the greenhouse gas emission data to 100% of total employees in accordance to the GHG Protocol and the special financial standard provided by the German-based VfU (for more information on this standard, please refer to question 11.1).

Page: Methodology - (1 Jan 2009 - 31 Dec 2009)

11.1a

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions and/or describe the procedure you have used (in the text box in 11.1b below).

Please select the published methodologies that you use.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)  
Other: VfU standard (Association of Banks, Saving Banks and Insurance - German-based)

11.1b

Please describe the procedure that you use.

Allianz Group collects environmental data in accordance with the VfU standard, based on the GHG Protocol. The VfU standard has been developed by the German Association of Environmental Management of Banks, Saving Banks and Insurance Companies to provide the financial services sector with an environmental accounting scheme and appropriate

indicators (<http://www.vfu.de/s/cin/start/path@page,overview.php/page@1c383cs35/navi@8/openm@97-96>). The standard, first defined in 2005, was updated in 2007. It automatically provides the indicators and respective conversion factors of the respective countries (e.g. according to energy sources) which we use for environmental accounting (VfU Indicators 2005, calculation file Feb. 2007). Further updates of the conversion factors were regularly foreseen as of December 2008.

**Process of Data Collection:**

The collection of global data is implemented once a year. An extrapolation of the data is conducted for those parts of Allianz which are not covered in our reporting system. In the end, emissions are calculated on the basis of standardized conversion factors.

Data are collected from Group companies, which have more than 400 employees, i.e., from their headquarter locations and their subsidiaries. The collection of data is achieved by using a variety of techniques of ascertaining the data, including exact measurement (such as supplier invoice and meter), calculation and detailed estimation as well as rough estimates.

We calculate consumption (and emissions) for an average employee based on the employees covered in our EMS and we extrapolate our emissions to 100% of employees in accordance to the VfU standard and individually for the five key indicators: energy, water, travel, paper and waste.

**CO2 Calculation:**

Our calculation of GHG emissions is based on the taxonomy of VfU indicators (2005) and GRI-G3 (Global Reporting Initiative indicators EN16 and EN17). In addition, Allianz Group uses the conversion factors of the GHG Protocol for the CO2 emissions deriving from road and air travel in order to ensure the possibility of intra-sectorial comparison with our peers.

According to this standard, direct GHG emissions (Scope 1) cover emissions of direct use of fossil fuels. Further, indirect GHG emissions (Scope 2) cover emissions from the generation of our electricity consumption and use of district heating. Other indirect GHG emissions (Scope 3) cover emissions from the use of paper, water and waste disposal as well as business travel (including total travel by road).

**System Boundary:**

We use the VfU standard for the definition of the system boundary of environmental data collection. Hence, we collect energy data and water consumption as well as waste output of those buildings that are either owned or rented. Our data also includes our internal IT centre. Outsourced IT server capacities are out of scope.

Travel data covers all business trips of internal staff by road, by rail and by air. The mileage of external carriers and the commuting of employees are out of scope.

Paper consumption data covers all paper input and external distributed marketing material which is produced for Allianz.

See description of methodology, standards and system boundaries in the attachment:

- VfU-Indicators 2005\_Report.pdf
- Kopie von VfU\_Indicators\_2005\_Calculation\_File\_February\_2007\_VfU-Download\_2007-10-19.xls
- Allianz\_EMS Boundary\_2008-10.ppt
- CO2-conversion factors\_Allianz 2008\_2009-01-14.xls

**11.2**

Please also provide the names of and links to any calculation tools used.

Please select the calculation tools used.
GHG Protocol - Allocation of Emissions from a Combined Heat and Power (CHP) Plant 1.0 September 2006
GHG Protocol - CO2 emissions from business travel 1.2 August 2005
GHG Protocol - CO2 emissions from fuel use in facilities 3.0 March 2008
GHG Protocol - GHG emissions from purchased electricity, heat of steam 2.1 June 2009
GHG Protocol - GHG emissions from stationary combustion 4.0 February 2009
GHG Protocol - Indirect CO2 emissions from purchased electricity 3.0 March 2008
GHG Protocol - Indirect CO2 emissions from purchased electricity, heat or steam 2.0 March 2008

**11.3**

Please give the global warming potentials you have applied and their origin.

Gas	Reference	GWP
Carbon dioxide	IPCC Fourth Assessment Report (AR4 - 100 year)	1

**11.4**

Please give the emission factors you have applied and their origin.

Fuel/Material	Emission Factor	Unit	Reference

**Further Information**

Allianz Group is using standard emission factors in accordance to national standards and recommended by the GHG Protocol.

**Attachments**

- [https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Methodology\(1Jan2009-31Dec2009\)/Allianz\\_EMS Boundary\\_2008-10.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Methodology(1Jan2009-31Dec2009)/Allianz_EMS_Boundary_2008-10.pdf)
- [https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Methodology\(1Jan2009-31Dec2009\)/VfU-Indicators 2005\\_Report.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Methodology(1Jan2009-31Dec2009)/VfU-Indicators_2005_Report.pdf)
- [https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Methodology\(1Jan2009-31Dec2009\)/Kopie von VfU\\_Indicators\\_2005\\_Calculation\\_File\\_February\\_2007\\_VfU-Download\\_2007-10-19.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Methodology(1Jan2009-31Dec2009)/Kopie_von_VfU_Indicators_2005_Calculation_File_February_2007_VfU-Download_2007-10-19.pdf)
- [https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Methodology\(1Jan2009-31Dec2009\)/CO2-conversion factors Allianz 2008\\_2009-01-14.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Methodology(1Jan2009-31Dec2009)/CO2-conversion_factors_Allianz_2008_2009-01-14.pdf)

Page: Emissions Scope 1 - (1 Jan 2009 - 31 Dec 2009)

**12.1**

Please give your total gross global Scope 1 GHG emissions in metric tonnes of CO2-e.

53205

¿  
Is question 12.2 relevant to your company?

Yes

**12.2**

Please break down your total gross global Scope 1 emissions in metric tonnes CO2-e by country/region.

Country	Scope 1 Metric tonnes CO2-e

Australia	0
Austria	1345
Belgium	660
Brazil	2
Bulgaria	208
Croatia	955
France	3229
Germany	6354
Hungary	1519
Ireland	84
Italy	5209
Netherlands	305
Czech Republic	197
Romania	1139
Russia	4739
Slovakia	915
South Korea	426
Spain	193
Switzerland	604
Turkey	342
United Kingdom	1371
United States of America	3261
Poland	611

## 12.4

Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 1 emissions by business division. (Only data for the current reporting year requested.)

Business Division	Scope 1 Metric tonnes CO2-e
AGCS	183
Allianz Australia	0
Allianz Belgium	660
Allianz Brazil	2
Allianz Bulgaria	208
Allianz China	0
Allianz Germany AG	2473
Allianz Elementar Austria	1345
Allianz Espana	193
Allianz France	2915
Allianz Global Investors Group	331
Allianz Hungary	1519
Allianz Indonesia	0
Allianz Ireland	84
Allianz Italy	5209
Allianz Korea	426
Allianz Malaysia	0
Allianz Mexico	0
Allianz Netherlands	305
Allianz Pojistovna	197
Allianz Poland	611
Allianz Romania	1139
Allianz SE	269
Allianz Slovenska	915
Allianz Suisse	604
Allianz Taiwan	0
Allianz Turkey	342
Allianz UK	1371
Allianz Life US	1946
Allianz Zagreb	955
ASIC	316
Colseguros	0
Euler Hermes	2782
FFIC	1316
Mondial Assistance Group	314
ROSNO	4739

## 12.5

Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 1 emissions by facility. (Only data for the current reporting year requested.)

Facilities	Scope 1 Metric tonnes CO2-e
------------	-----------------------------

¿

Is question 12.6 relevant to your company?

Yes

## 12.6

Please break down your total gross global Scope 1 emissions by GHG type. (Only data for the current reporting year requested.)

GHG Type	Scope 1 Emissions (Metric tonnes)	Scope 1 Emissions (Metric tonnes CO2-e)
CO2	53205.00	53205

¿

Is question 12.8 relevant to your company?

Yes

12.8

Please give the total amount of fuel in MWh that your organization has consumed during the reporting year.

250181

¿

Is question 12.10 relevant to your company?

Yes

12.10

Please complete the table by breaking down the total figure by fuel type.

Fuels	MWh
Natural gas	241324.00
Gas/Diesel oil	8857.00

12.12

Please estimate the level of uncertainty of the total gross global Scope 1 figure that you have supplied in answer to question 12.1 and specify the sources of uncertainty in your data gathering, handling, and calculations.

Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
More than 10% but less than or equal to 20%	Data Gaps Extrapolation Metering/ Measurement Constraints Data Management	Sources of data uncertainty in our data are: a) A lack of data and the resulting need to extrapolate data for "non-covered" employees. b) The quality of ascertaining data. c) The interpretation of definitions of required data: despite well-defined system boundaries, uncertainties about individual data sets occur and, thus, result in inaccuracies. d) The handling of our internal sustainability data reporting database tool, STAR. e) Errors in metering at the source (as in faulty devices). We address the two main sources (a and b) of uncertainty by using extrapolation and recording data quality.

Further Information

[Page: Emissions Scope 2 - \(1 Jan 2009 - 31 Dec 2009\)](#)

13.1

Please give your total gross global Scope 2 GHG emissions in metric tonnes of CO<sub>2</sub>-e.

256347

¿

Is question 13.2 relevant to your company?

Yes

13.2

Please break down your total gross global Scope 2 emissions in metric tonnes of CO<sub>2</sub>-e by country/region.

Country	Metric tonnes CO <sub>2</sub> -e
Australia	11565
Austria	1668
Belgium	493
Brazil	7
Bulgaria	1969
China	3198
Croatia	1283
France	16579
Germany	75146
Hungary	1983
Indonesia	1526
Ireland	1316
Italy	4196
Malaysia	3740
Mexico	932
Netherlands	1068
Czech Republic	1762
Poland	6520
Romania	16
Russia	14091
Slovakia	2098
South Korea	2831
Spain	3745
Colombia	6
Switzerland	262
Taiwan	2129
Turkey	9
United Kingdom	4305
United States of America	33344

13.4

Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 2 emissions by business division. (Only data for the current reporting year

requested.)

Business division name	Metric tonnes CO2-e
AGCS	4117
Allianz Australia	11565
Allianz Belgium	493
Allianz Brazil	7
Allianz Bulgaria	1969
Allianz China	3198
Allianz Germany AG	45719
Allianz Elementar Austria	1668
Allianz Espana	3745
Allianz France	5489
Allianz Global Investors US	6717
Allianz Global Investors Germany	5019
Allianz Hungary	1983
Allianz Indonesia	1526
Allianz Ireland	1316
Allianz Italy	4196
Allianz Korea	2831
Allianz Malaysia	3740
Allianz Mexico	932
Allianz Netherlands	1068
Allianz Pojistova	1762
Allianz Poland	6520
Allianz Romania	16
Allianz SE	2133
Allianz Slovenska	2098
Allianz Suisse	262
Allianz Taiwan	2129
Allianz Turkey	9
Allianz UK	4305
Allianz Life US	13243
Allianz Zagreb	1283
ASIC	14190
Colseguros	6
Euler Hermes	3968
FFIC	13384
Mondial Assistance Group	11089
ROSNO	14091

## 13.5

Where it will facilitate a better understanding of your business, please also break down your total gross global Scope 2 emissions by facility. (Only data for the current reporting year requested.)

Facility name	Metric tonnes CO2-e
---------------	---------------------

¿

Is question 13.6 relevant to your company?

Yes

## 13.6

How much electricity, heat, steam, and cooling in MWh has your organization purchased for its own consumption during the reporting year?

Please supply data for these energy types.	MWh
Electricity	659664
Heat	114436

## 13.8

Please estimate the level of uncertainty of the total gross global Scope 2 figure that you have supplied in answer to question 13.1 and specify the sources of uncertainty in your data gathering, handling, and calculations.

Uncertainty range	Main sources of uncertainty in your data	Please expand on the uncertainty in your data.
More than 10% but less than or equal to 20%	Data Gaps Extrapolation Metering/ Measurement Constraints Data Management	Sources of data uncertainty in our data are: a) A lack of data and the resulting need to extrapolate data for "non-covered" employees. b) The quality of ascertaining data c) The interpretation of definitions of required data: despite well defined system boundaries, uncertainties about individual data sets occur and, thus, result in inaccuracies. d) The handling of our internal sustainability data reporting database tool, STAR. e) Errors in metering at the source (as in faulty devices). We address the two main sources (a and b) of uncertainty by using extrapolation and recording data quality. Our process of calculating Scope 1 GHG emissions consists of several steps: collecting data, extrapolating the data for those parts of Allianz which are not covered with our reporting system and, finally, calculating the emissions. Data is collected from Group companies which have more than 400 employees, i.e., from their headquarter locations and their subsidiaries. The collection of data is achieved by using a variety of techniques of ascertaining the data, including exact measurement (such as supplier invoice and meter), calculation and detailed estimation as well as rough estimates. We extrapolate missing data (e.g. of Group companies of Allianz, which have no more than 400 employees) as described in the following process: Description of extrapolation process: We extrapolate our data to 100% of employee according to the taxonomy of VfU indicators' calculation file Version 02/2007 and we extrapolate missing data as described in the following process: We calculate consumption (and emissions) for an average employee based on the employees covered in our EMS (the respective number of employees is defined as reference figure in the VfU standard). We extrapolate our emissions by multiplying average consumption with the total head count and then calculate the emission data. Our EMS is using a reporting scheme in accordance to the VfU standard and thus accounts for five key indicators: energy, water, travel, paper and waste. For each of these five indicators the coverage may differ. Hence, we specifically extrapolate consumption and emissions with respect to the reference figures of each main indicator. Our conversion factors are based on the GHG Protocol.

Further Information

14.1

Do you consider that the grid average factors used to report Scope 2 emissions in question 13 reflect the contractual arrangements you have with electricity suppliers?

Yes

14.4

Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?

Yes

14.5

Please provide details including the number and type of certificates.

Type of certificate	Number of certificates	Comments
Renewable Energy Certificates	8	Electricity: Allianz Italy (partially hydropower), Allianz Brazil, Colseguros (Colombia) (both 100% hydro), Allianz Suisse (hydro and solar), Allianz Netherlands (50% hydro) and Allianz UK (2/3 hydro) are using hydropower, and Allianz Germany receives 100% of its electricity from renewables according to its supplier contract. Allianz Belgium (79% renewables) has purchased biomass (2 MW out of the 79% renewables). The certificates in the attachment disclose our contractual agreements, where low carbon energy has been specifically requested from the supplier and is not automatically included into the market mix.
Other: Carbon Credits		Transport: On September 5, 2007, Allianz launched ECOmotion, the first climate neutral car insurance. It allows environmentally conscious drivers to neutralize the CO2 emissions of their vehicle. Allianz and 3C Consulting GmbH only use high quality certificates from CO2 reduction projects in the field of renewable energy and energy efficiency. ECOmotion has been developed in cooperation with the World Wide Fund for Nature (WWF). ECOmotion is used to offset the carbon emissions of the German corporate fleet reducing 1188 t CO2 in 2009.

## Further Information

Addendum 14.1: Yes, as long as there were specific informations from the supplier, we consider them. If not, we used the country specific average market mix conversion factor given by the Greenhouse Gas Protocol in June 2006

## Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/Rekening Eneco.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/Rekening%20Eneco.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/CERTIFICATION ENERGIE VERTE.PDF](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/CERTIFICATION%20ENERGIE%20VERTE.PDF)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/Recertificao 2009 v2.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/Recertificao%202009%20v2.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/EDF Green Cert 01.01.09 to 31.12.09.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/EDF%20Green%20Cert%2001.01.09%20to%2031.12.09.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/Go Green 2009.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/Go%20Green%202009.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/EON Green Cert 01.01.09 to 01.01.10.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/EON%20Green%20Cert%2001.01.09%20to%2001.01.10.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/rekening eneco 1.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Scope2-Contractual/rekening%20eneco%201.pdf)

¿

Is question 15.1 relevant to your company?

Yes

15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization.

Sources of Scope 3 emissions	Metric tonnes of CO <sub>2</sub> -e	Methodology	If you cannot provide a figure for a relevant source of Scope 3 emissions, please describe the emissions.
Business travel	145216	We consider the following indicators as Scope 3 indicators: emissions coming from business travel, paper consumption, water use and waste produced by us. Our process of calculating Scope 3 GHG emissions consists of several steps: collecting data, extrapolating the data for those parts of Allianz which are not covered with our reporting system and, finally, calculating the emissions. For more information, please refer to the section "Further information".	
Other: Rail Travel	3712	Please refer to the section "Further information".	
Other: Road Travel	97523	Please refer to the section "Further information".	
Other: Short-haul Air Travel	20341	Please refer to the section "Further information".	
Other: Long-Haul Air Travel	23640	Please refer to the section "Further information".	
Other: Paper: Total paper consumption	24749	Please refer to the section "Further information".	
Other: Paper: Post-consumer recycled	1139	Please refer to the section "Further information".	
Other: Paper: New fibres ECF+TCF	18962	Please refer to the section "Further information".	
Other: Paper: New fibres chlorine bleached	4647	Please refer to the section "Further information".	
Other: Water: Total water consumption	818	Please refer to the section "Further information".	
Other: Water: Rain water	3	Please refer to the section "Further information".	
Other: Water:			

Natural water	62	Please refer to the section "Further information".	
Other: Water: Drinking water	745	Please refer to the section "Further information".	
Waste generated in operations	3851	Please refer to the section "Further information".	
Other: Waste: Waste incinerated	3706	Please refer to the section "Further information".	
Other: Waste: Waste disposed of in landfills	4	Please refer to the section "Further information".	
Other: Waste: Special waste treatment	141	Please refer to the section "Further information".	

#### Further Information

We consider the following indicators as Scope 3 indicators: emissions coming from business travel, paper consumption, water use and waste produced by us. Our process of calculating Scope 3 GHG emissions consists of several steps: collecting data, extrapolating the data for those parts of Allianz which are not covered with our reporting system and, finally, calculating the emissions. Data is collected from Group companies which have more than 400 employees, i.e., from their headquarter locations and their subsidiaries. The collection of data is achieved by using a variety of techniques of ascertaining the data, including exact measurement (such as supplier invoice and meter), calculation and detailed estimation as well as rough estimates. We extrapolate missing data (e.g. of Group companies of Allianz, which have no fewer than 400 employees) as described in the following process. Description of extrapolation process: We extrapolate our data to 100% of employees according to the taxonomy of VU indicators' calculation file Version 02/2007 and we extrapolate missing data as described in the following process: We calculate consumption (and emissions) for an average employee based on the employees covered in our EMS (the respective number of employees is defined as reference figure in the VU standard). We extrapolate our emissions by multiplying average consumption with the total head count and then calculate the emission data. Our EMS is using a reporting scheme in accordance to the VU standard and thus accounts for five key indicators: energy, water, travel, paper and waste. For each of these five indicators the coverage may differ. Hence, we specifically extrapolate consumption and emissions with respect to the reference figures of each main indicator. Description of assumptions made for extrapolating specific indicators: Consumption indicators are calculated on the basis of the collected average consumption per employee. Our conversion factors are based on the GHG Protocol.

#### Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Scope3/VU-Indicators\\_2005\\_Report.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Scope3/VU-Indicators_2005_Report.pdf)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Scope3/Kopie von VU Indicators\\_2005 Calculation File February 2007 VU-Download 2007-10-19.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Scope3/Kopie%20von%20VU%20Indicators%202005%20Calculation%20File%20February%202007%20VU-Download%202007-10-19.pdf)

#### Page: Emissions 7

#### 16.1

Does the use of your goods and/or services enable GHG emissions to be avoided by a third party?

Yes

#### 16.2

Please provide details including the anticipated timescale over which the emissions are avoided, in which sector of the economy they might help to avoid emissions and their potential to avoid emissions.

Allianz Group provides more than 50 products, most are geared towards the mitigation of climate change. Some lines of products are listed below, more details are given in the attachment (Climate products fact sheet):

1. Engineering Energy Services: Two products by Allianz Engineering UK on energy efficiency in commercial buildings and the Allianz Germany services on energy efficiency improvements in private homes help our clients to directly reduce CO2 emissions after home improvements have been carried out.
2. Property, liability, technical insurance for renewable energies established with the traditional product portfolio.
3. Green building insurance: LEEDS certified green buildings are insured at Fireman's Fund with a special tariff.
4. Carbon insurance: guarantee for certified carbon emission reduction
5. Green car insurance: offered e.g. at Allianz Austria for drivers with a low carbon emission vehicle.
6. Allianz Specialised Investments has bought 20 wind- and solar parks with a capacity to power about 290.000 households. Allianz own investments into renewable energy will increase to €1.5 billion by 2012 fostering low carbon technologies such as wind and solar.

All of these products, services and investments contribute to the avoidance or reduction of CO2 emissions through our clients or through our investment portfolio. The amount of effective reduction cannot be estimated due to the manifold and widespread reach of these products and investments and a baseline that is unknown to us (e.g. what type of car would have been bought instead of a hybrid/electric car or which of the 20 wind- and solar parks are used instead of an energysource from fossil fuel).

Potential estimation: CO2 emissions from the generated wind energy could be calculated and compared to the same power generated by coal fired power or average market mix.

The lifecycle of these emission reductions starts with the purchasing of the product/service or e.g. with the investment made in a wind park and goes over the lifetime of the car or the wind park respectively.

More details on sustainable products: see: [www.allianz.com/responsibility](http://www.allianz.com/responsibility)

¿

Is question 17.1 relevant to your company?

Yes

#### 17.1

Please provide your total carbon dioxide emissions in metric tonnes CO2 from the combustion of biologically sequestered carbon i.e. carbon dioxide emissions from burning biomass/biofuels.

264

#### Further Information

Addendum to 17.1: 2374146 MJ electricity produced by biomass in Belgium = 264 t CO2 produced biomass. Comment: We do not directly emit CO2 from biomass or biofuels as we buy electricity via local electricity providers in each country. To date, only Allianz Belgium and Allianz Ireland use electricity from biomass. Allianz Belgium has bought 2MW of biomass.

#### Attachments

## Page: Emissions 8

## 18.1a

Please describe a financial intensity measurement for the reporting year for your gross combined Scope 1 and Scope 2 emissions.

If you do not consider a financial intensity measurement to be relevant to your company, select "Not relevant" in column 5 and explain why in column 6.

Figure for Scope 1 and Scope 2 emissions	GHG units	Multiple of currency unit	Currency unit	Financial intensity metrics	Please explain if not relevant. Alternatively provide any contextual details that you consider relevant to understand the units or figures you have provided.
43.00	Other: g CO2-e	1	EUR(€)	Profit	We usually compare our emissions to our human capital since we are a service provider. However, we also can take profit and turnover to compare and record achievements. Please see comment for details.
3.00	Other: g CO2-e	1	EUR(€)	Other: Turnover	We usually compare our emissions to our human capital since we are a service provider. However, we also can take profit and turnover to compare and record achievements. Please see comment for details.

## 18.1b

Please describe an activity-related intensity measurement for the reporting year for your gross combined Scope 1 and Scope 2 emissions.

Oil and gas sector companies are also asked to report activity-related intensity metrics in answer to table O&G1.3.

If you do not consider an activity-related intensity measurement to be relevant to your company, select "Not relevant" in column 3 and explain why in column 4.

Figure for Scope 1 and Scope 2 emissions	GHG units	Activity-related metrics	Please explain if not relevant. Alternatively provide any contextual details that you consider relevant to understand the units or figures you have provided.
		Not relevant	For intensity measurements, we usually compare our emissions to our human capital and measure per employee. In 2009, every employee emitted 2023 kg CO <sub>2</sub> (compared to 2008 with 2167 kg CO <sub>2</sub> /employee) in Scope 1 and 2 emissions. In terms of intensity also CO <sub>2</sub> emission per operating profit or turnover can be used. In 2009, AZ posted 1. a profit of €7,182 million, and 2. a turnover of €97,385 million. Allianz Group emitted 309,552 CO <sub>2</sub> -e metric tons of Scope 1 and 2 emissions, compared to 336,245 CO <sub>2</sub> -e metric tons in 2008. 1. 309,552 CO <sub>2</sub> -e metric kg divided by €7,182 million = 43.1g CO <sub>2</sub> -e/EUR (in 2008: 63.3g CO <sub>2</sub> -e/EUR) 2. 309,552 CO <sub>2</sub> -e metric kg divided by €97,385 million = 3.2 g CO <sub>2</sub> -e/EUR (in 2008: 5.1g CO <sub>2</sub> -e/EUR)

## 19.1

Do the absolute emissions (Scope 1 and Scope 2 combined) for the reporting year vary significantly compared to the previous year?

Yes

## 19.2

Please explain why they have varied and why the variation is significant.

26693 Tonnes less CO<sub>2</sub> emissions = 7.8% less total CO<sub>2</sub> emissions from previous year.

Explanation:

1. Reducing the total electricity consumption by 2.9 % and the fossil fuel consumption by 4.8 %.
2. Increase of the renewable electricity by 9.3 % up to 15.7 % of total electricity consumption.
3. A number of measures to avoid, reduce and substitute CO<sub>2</sub> emissions, have been implemented to drive emission reduction world-wide. Measures implemented to achieve this emission reduction are explained in detail in the attachment (see attachment: energy savings).

## 20.1A

Please complete the following table indicating the percentage of reported emissions that have been verified/assured and attach the relevant statement.

Scope 1 (Q12.1)	Scope 2 (Q13.1)	Scope 3 (Q15.1)
-----------------	-----------------	-----------------

## 20.1B

I have attached an external verification statement that covers the following scopes:

Scope 1  
Scope 2  
Scope 3

## Further Information

Comment: the Environmental data have been externally verified/assured in part in 2008. The following levels of assurance have been given in 2008 for Group companies covering approximately 30% of employees world-wide: • Limited assurance engagement on the attached environmental indicators balance sheets for the years 2006 and 2007 of the German units of Allianz Germany. Plans for GHG emissions accounting information to be externally verified/assured in future: Plans for an initial central audit and regular internal audits of the international data collection and processes are currently developed under the framework of a project that is geared towards the integration of environmental data collection into financial data management. This will grant an increase in quality of data through the financial approval and controlling system.

## Attachments

[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Other2/Energy\\_savings\\_question\\_9\\_7.doc](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Other2/Energy_savings_question_9_7.doc)  
[https://www.cdproject.net/Sites/2010/93/593/Investor CDP 2010/Shared Documents/Attachments/InvestorCDP2010/Emissions-Other2/Independant\\_Assurance\\_Report.pdf](https://www.cdproject.net/Sites/2010/93/593/Investor%20CDP%202010/Shared%20Documents/Attachments/InvestorCDP2010/Emissions-Other2/Independant_Assurance_Report.pdf)

## Page: Emissions 9 Trading

## 21.1

Do you participate in any emission trading schemes?

No, we don't participate nor do we currently anticipate participating in any emissions trading scheme within the next two years.

## 21.4

Has your company originated any project-based carbon credits or purchased any within the reporting period?

Yes

21.5

Please complete the following table.

Credit origination or credit purchase?	Project identification	URL link to project documentation	Verified to which standard?	Number of credits (metric tonnes of CO <sub>2</sub> -e)	Credits retired?	Purpose, e.g. compliance
Credit Purchase	<p>1. FOR CLIENTS: For the EComotion product we provide Gold Standard credits from renewable energy projects via an external broker. Under this frame, Allianz Germany offers a car insurance which offsets the emissions caused by the respective car via the cancellation of Gold Standard credits provided via an external carbon credit broker. Allianz offers this service in addition to the classical car insurance. The product was developed together with the WWF under a three-year climate partnership. The product is not being directly promoted and clients have to pay for the credits cancelled for their car, we offer the administration and handling of the credits free of charge. EComotion shall be introduced in other markets such as Australia and the US. 2. FOR OUR OWN OPERATIONS: Since February 2008, all 344 company-owned vehicles in Germany have been CO<sub>2</sub>-neutral. This has been achieved by neutralizing 1,189 metric tons of CO<sub>2</sub> emissions a year through our investment in the Turkish wind farm</p>	<p><a href="https://www.allianz.com/en/responsibility/achievements/ecology/environmental_footprint/environmental_footprint.html">https://www.allianz.com/en/responsibility/achievements/ecology/environmental_footprint/environmental_footprint.html</a></p>				

Yuntdag, which is currently Turkey's second-largest wind farm with a total of 17 wind turbines. The emissions thus saved are equivalent to the CO2 emitted by a typical hybrid car driving almost 350 times around the world. At the end of February 2009, Allianz received an award for its commitment from First Climate (Germany) GmbH, one of the world's leading emissions-trading companies.

#### Further Information

Comment: Allianz as a financial services provider is not included in the emission trading scheme. It is also not custom for a financial service provider to internally trade emissions. However, from a point of view of business opportunities we consider the Kyoto mechanisms as very relevant for our company and thus, we are providing products and services around this scheme. The Group company, Allianz Climate Solutions, is especially dedicated to identify opportunities, develop and provide products and service for our customers. With this specific expertise, we are continuously researching and developing new products and working with our clients to help address their climate change challenges through our core services – insurance and asset management. This business unit also focuses on the growing market for renewable energies, clean technologies and carbon related services. Currently, insurance provision (Certified Emission Reduction Guarantee) for customers under the emission trading scheme, is under development for a larger customer base and has already been provided on a case by case basis. For more information, please consult our webpages: [www.allianz.com/responsibility](http://www.allianz.com/responsibility).

#### Module: Climate Change Communications

##### Page: Communications 1

**22.1**  
Have you published information about your company's response to climate change/GHG emissions in other places than in your CDP response?

Yes

**22.2**  
In your Annual Reports or other mainstream filing? (If so, please attach your latest publication(s).)

Yes

**22.3**  
Through voluntary communications such as CSR reports? (If so, please attach your latest publication(s).)

Yes

#### Further Information

Annual Report: <http://annualreport2009.allianz.com/reports/allianz/annual/2009/gb/English/0/home.html> Sustainable development report: <https://www.allianz.com/en/responsibility/index.html>

Carbon Disclosure Project



Allianz Group

# Allianz Sustainable Development Report 2010

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

**Allianz** 

I	Our approach	I - /p. 1
1	Responsibility @ Allianz	I - 1/p. 1
1.1	Board message	I - 1/p. 2
1.2	Our principles: Driving sustainable development	I - 1/p. 3
1.3	Organization: Group-wide coordination and decentralized networking	I - 1/p. 3
1.4	Sustainability management: Integrating sustainable development topics into management processes	I - 1/p. 4
1.5	History: Sustainable tradition and innovation	I - 1/p. 5
2	Material issues: Key issues material to our business	I - 2/p. 6
3	Corporate Governance: Maintaining trust through responsible leadership	I - 3/p. 7
3.1	Corporate constitution: Leadership responsibility on several shoulders	I - 3/p. 7
3.2	Corporate conduct & compliance: Compliance @ Allianz	I - 3/p. 8
3.3	Remuneration: Remuneration system with sustainable elements	I - 3/p.10
3.4	Risk management: Risks and opportunities – our core business	I - 3/p.10
4	Stakeholder approach	I - 4/p.12
4.1	Listening to stakeholders: Knowing stakeholder expectations secures company success	I - 4/p.12
4.2	Stakeholder relationship: Wide range of stakeholder relationships	I - 4/p.13
4.3	Our commitments	I - 4/p.14
II	Our achievements	II - /p. 1
1	Employees	II - 1/p. 1
1.1	Management approach: Human resources strategy in a global context	II - 1/p. 2
1.2	Recruitment & development: Our goal – being an attractive employer	II - 1/p. 3
1.3	Diversity & work-life: Diversity as a business success factor	II - 1/p. 5
1.4	Satisfaction & health: Health and job satisfaction	II - 1/p. 7
2	Customers	II - 2/p. 8
2.1	Management approach: Market and customer orientation	II - 2/p. 8
2.2	Customer insights: Customer focus at Allianz	II - 2/p. 9
2.3	Customer needs: Responding quickly to changing customer needs	II - 2/p.11
2.4	Brand management: Responsible brand and marketing management	II - 2/p.13
3	Suppliers	II - 3/p.15
3.1	Management approach: Purchasing objectives and governance	II - 3/p.15
4	Investment community	II - 4/p.17
4.1	Management approach: Interacting with investors	II - 4/p.17
4.2	SRI Ratings	II - 4/p.18
4.3	Awards: Winning widespread recognition	II - 4/p.19
5	Ecology	II - 5/p.23
5.1	Management approach	II - 5/p.23
5.2	Environmental footprint	II - 5/p.24
5.3	Decreasing CO <sub>2</sub>	II - 5/p.28

6	Community	II - 6 /p.31
6.1	Management approach: Focusing on a structured approach	II - 6 /p.31
6.2	Corporate citizenship culture: Establishing a corporate citizenship culture	II - 6 /p.33
6.3	Lighthouse projects: Strengthening the Group-wide commitment	II - 6 /p.34
6.4	Disaster response: Responding to disasters around the world	II - 6 /p.35
7	Government relations	II - 7 /p.36
8	Key Figures: Measuring, communicating, and improving performance	II - 8 /p.38
8.1	Economy	II - 8 /p.38
8.2	Environment	II - 8 /p.41
8.3	Social	II - 8 /p.45
9	Performance summary	II - 9 /p.49
10	GRI index	II - 10 /p.53
III	Our challenges	III /p. 1
1	Sustainability in finance	III - 1 /p. 1
1.1	Global challenge: "Sustainable development in the insurance sector and how it can help to make society fit for the future"	III - 1 /p. 1
1.2	Our approach: Stability in uncertain times	III - 1 /p. 4
1.3	Responsible investment: Socially responsible investment	III - 1 /p. 5
1.4	Products & services: A future-oriented portfolio	III - 1 /p. 7
2	Demographic change	III - 2 /p. 9
2.1	Global challenge: Facing up to the demographic challenges	III - 2 /p. 9
2.2	Our approach: Solutions for aging societies	III - 2 /p.13
2.3	Research & awareness: Thorough research – the basis of sound business	III - 2 /p.15
3	Climate change	III - 3 /p.16
3.1	Global challenge: Now is the time to act	III - 3 /p.16
3.2	Our approach: Tackling the climate challenge	III - 3 /p.17
3.3	Products & services: A portfolio to protect our climate	III - 3 /p.19
3.4	Investing in the environment: Investing in renewables	III - 3 /p.20
3.5	Research & advocacy: Raising awareness of the climate issue	III - 3 /p.21
4	Microinsurance	III - 4 /p.23
4.1	Global challenge: A worldwide need	III - 4 /p.23
4.2	Microinsurance offer: The social and business case	III - 4 /p.25
5	Financial understanding	III - 5 /p.28
5.1	Global challenge: "Enabling people to make their own decisions as informed consumers"	III - 5 /p.28
5.2	Our approach	III - 5 /p.30
IV	Glossary	IV /p. 1

# I Our approach

Allianz has followed a strategic approach to responsibility for the past ten years. The way we act on a daily basis is shaped by our desire to do business in a sustainable and responsible way. Through our Allianz4Good department we are driving sustainable development forward across the Allianz Group worldwide. Our analyses, strategic recommendations, and specific projects allow us to observe, steer, and shape sustainable development within our Group.

## 1 Responsibility @ Allianz

Allianz strives towards a corporate culture that regards social and environmental challenges as opportunities to ensure sustainable business success. As an international financial services provider, Allianz sees sustainable development as fundamental to its business. We are focused on finding innovative solutions that address the local and global challenges our customers face – be this climate change, poverty or an ageing population.

In striving for success, we work hard to understand all our stakeholders and to address their needs in a way that is sustainable for our businesses and for the society. Our expertise and experience put us in a unique position to help individuals, communities and businesses to manage and mitigate risk, protect their assets and invest in the future.

In order to achieve this we have drafted a set of principles and apply them in our organization. Since 2000, we have made steady progress in integrating sustainability into our company's everyday business. Just as our sustainability management processes have laid a sound basis over the past ten years, we are continuously working to further improve and professionalize them for the future.

## 1.1 Board message



Michael Diekmann, CEO Allianz SE

In 120 years of managing risk for our clients all over the world, Allianz has faced countless challenges. No small number of those challenges were caused by people themselves. The failure of the climate negotiations in Copenhagen, the financial and debt crisis, and ecological catastrophes like the explosion of the Deepwater Horizon oil platform in the Gulf of Mexico are stark signals.

These current events and their vast social damage give rise to doubts: are our political and economic management concepts sophisticated enough to really manage these new risks? They have given us a great deal of space for progress, growth and prosperity in many parts of the world. But they appear to fall short in dealing with long-term risks and crises.

Large portions of the population share this view. More than ever, the latest events have opened people's eyes to the risks that shape their lives, and to the dangers that can arise out of our own actions.

This is an opportunity: for policymakers, for society, and also for businesses. The world must take action – and on the basis of broader planning horizons than quarters, fiscal years, the length of management contracts, or legislative terms of office. But before that, we need a new societal consensus about how to safeguard prosperity and growth in the future.

Sustainability offers one way of achieving this. Sustainable development enables both businesses and policymakers to take a holistic management approach whose processes include all stakeholders, that makes better use of current knowledge, and that takes account of the long-term effects of decisions.

Allianz intends to help shape this change, as a risk and opportunity manager. We have every reason to do so, and are taking action because our clients have been and will be seriously affected by the impending challenges:

- Climate change has increased our clients' insured losses by a factor of 15 over the past 30 years. We are developing new solutions, including for future risks that could otherwise not be adequately insured. At the same time, investments in renewable energy sources and more efficient technologies will open up new opportunities for our clients – and will help address climate change.
- The stability of the capital markets is important if we are to be able to finance the aging of our societies. We support rules and controls that ensure reliability, and that at the same time permit the growth that is required to pay not only for demographic change, but for climate change, debt reduction, and the fight against poverty.
- Economic development outside industrialized nations is not just an imperative of global justice. It will also be an engine for global growth. We are not only a strong investor in emerging economies, but also a leading provider of microinsurance in India, Indonesia, Colombia and Africa.

This Sustainable Development report offers an overview of what we think about these issues, and of what we're doing about them. It is a rendering of accounts. But even more than that, we intend it as an offer to engage in dialog, and as an encouragement to think and act sustainably, for a world that will offer further opportunities.

Michael Diekmann,  
CEO Allianz SE

## 1.2 Our principles: Driving sustainable development

The Allianz Code of Conduct shapes our corporate culture of responsibility. The Code forms the basis of all other principles and policies and is obligatory for our employees worldwide. Since the ten principles of the United Nations (UN) Global Compact have also been integrated into this Code of Conduct, it additionally acts as a basic guideline for all our activities in the field of sustainable development.

In its practical implementation, the Code of Conduct is supported by four strategic Principles of Sustainable Development, at the heart of which is the integration of sustainable development into all our business areas. For example, our department, Allianz4Good, is driving a range of projects to embed sustainable development into our corporate culture, such as the My Finance Coach initiative or carbon dioxide reduction program.

### Principle 1:

We strive to safeguard natural resources throughout our internal operations.

### Principle 2:

We incorporate sustainable business practices into our products and services.

### Principle 3:

We develop long-term and mutually beneficial partnerships with our stakeholders.

### Principle 4:

We aim to be fully transparent about our sustainability performance.

In addition, both the Allianz Group Policy and the Allianz Group Risk Policy require aspects of sustainable development to be taken into account in our business such as emerging and reputational risks as well as environmental protection. We implement this through, for example, minimum criteria for reputational risks valid for all Allianz companies, sustainable investments at Allianz Global Investors or a sustainable development strategy at Allianz Real Estate.

## 1.3 Organization: Group-wide coordination and decentralized networking

To ensure the sustainable success of our Group, a central, dedicated department, Allianz4Good, helps create and foster a company culture in which social and environmental challenges are seen across the Group as opportunities, not threats.

### Central strategic platform

The task of Allianz4Good is to create a clear framework for Group-wide sustainable development, as well as to coordinate and control related activities between our subsidiaries, strategic functions and the Allianz Board of Management. As the central platform for sustainable development, Allianz4Good supports our subsidiaries in the integration and implementation of the Group's strategic approach.

The Allianz4Good department was established in 2008 (then called Group Social Opportunities) and its head reports directly to Paul Achleitner, Member of the Allianz Board of Management with responsibility for Finance. The tasks of Allianz4Good include:

- Preparing the strategic framework, set up and implementing processes related to sustainable development
- Reviewing the Group's performance in these areas, evaluating findings and proposing any need for action
- Shaping and supervising the introduction of relevant policies
- Evaluating and benchmarking trends
- Incubating action and piloting projects relating to sustainable business activities

Allianz4Good reports to the Board regularly on the Group-wide progress of sustainable development processes and performance, and prepares the ground for all related strategic decisions taken by the Board, which has overall responsibility for sustainable development.



**Extensive skills**

Allianz4Good manages numerous areas of sustainable development, ranging from Corporate Citizenship and Corporate Volunteering to financial literacy, microinsurance, disaster response and environmental management. It also acts as an umbrella for the activities of Allianz Climate Solutions GmbH (ACS), which supports the development and expansion of insurance products and other financial solutions for new technologies and renewable energy projects.

**Key coordinating function**

The proximity of Allianz4Good to the Group Board symbolizes the high priority Allianz attaches to

sustainable development as a strategic corporate goal. With this knowledge and the required competencies, the Allianz4Good team plays a key role in the interaction between our subsidiaries in sustainable development-related activities and maintains an ongoing internal dialog with them. For example, Allianz4Good supports regional companies and strategic Group functions such as Human Resources or Communications, each of which have their own sustainable development tasks. At the same time, the strategic Group functions benefit from Allianz4Good's expertise and experience in the management of related issues and risks, development of microinsurance strategy and concepts or enhancement of their own sustainable development skills.

## 1.4 Sustainability management: Integrating sustainable development topics into management processes

Allianz communicates with its stakeholders to understand their needs and concerns, to share knowledge and to develop solutions for our customers. Allianz4Good initiates dialogs with external stakeholders such as the investment community, conducts internal and external benchmark studies and is involved in international standard-setting bodies such as United Nations Environment Programme Finance Initiative (UNEP FI).

On the basis of our learnings, Allianz4Good redesigns management systems of relevance to sustainable development, integrates related aspects into relevant policies, such as the Code of Conduct or the Group Risk Policy, and initiates pilot projects.

**Digital internal network**

To support the internal networking of all senior managers who deal with sustainable development, we have designed tools for internal best practice exchanges in all sectors of our organization. We have also created an internal portal, the Allianz4Good Portal. Various expert networks have already been set up on this virtual platform with focus areas that include:

- Sustainable Development as an overall framework
- Environmental Management Systems
- Corporate Citizenship
- Corporate Volunteering
- Corporate Foundations

**Allianz4Good's progress in environmental management**  
A good example of how our Sustainable Development Management Strategy has been implemented is the introduction of a Group-wide Environmental Management System (EMS). The first activities started in 2001 with a pilot project run by the Group Sustainable Development Office, Allianz4Good's forerunner. Since then, we have worked closely together in our Group-wide sustainable development network to improve the performance of our EMS. Internationally, we coordinated the implementation of EMS at a regional level and its roll out to 37 Group companies in 2007 and 2008.

One of Allianz4Good's first tasks was a pilot project to embed EMS data into Allianz financial bookkeeping. In addition, we established the new position of a Group Environmental Manager as a global functional responsibility for environmental protection in the Allianz4Good department at the end of 2009. The Allianz4Good team initiated EMS as an agenda item of the regular meetings of Allianz's leading international Chief Operating Officers, lifting this topic into Group level decision-making structures to enable centralized controlling. Allianz4Good is also responsible for providing regular updates on the performance and achievements of participating Group companies to the Board of Management.

In addition, both the Allianz Group Policy and the Allianz Group Risk Policy require aspects of sustainable

development to be taken into account in our business such as emerging and reputational risks as well as environmental protection. We implement this through, for example, minimum criteria for reputational risks valid for all Allianz companies, sustainable investments at Allianz Global Investors or a sustainable development strategy at Allianz Real Estate.

## 1.5 History: Sustainable tradition and innovation

Allianz is among the pioneers of sustainable development in the finance industry. Our Group's systematic approach goes back ten years and has achieved many milestones.

### 2000-2002: Establishing a strategic basis

The history of sustainability management at Allianz began in 2000 with the Group Board of Management Resolution on a sustainable development strategy and the establishment of the Allianz Group Sustainable Development Office. Two years later, the first Sustainable Development Report was published on our web portal and Allianz launched its first socially responsible investment fund.

### 2003-2005: Strengthening internal sustainability structures

By signing the Equator Principles in 2003, Allianz committed itself to determining, assessing and managing responsibly social and environmental risks in project financing and continued to expand its internal sustainability structures in subsequent years. The Principles of Sustainable Development were integrated into the Group Risk Policy in 2004 and the Code of Conduct in 2005. That same year, we realized our first wind park investment, introduced a Group-wide climate strategy and published our first Climate Report.

### 2006-2007: Leading role in climate protection

One of the outstanding events of 2006 was the first Allianz microinsurance project, launched in Indonesia, and the Group's recognition as a Climate Leader by the

Carbon Disclosure Project – a status we have maintained since. In 2007 the Group set up Allianz Climate Solutions GmbH and thus created one of the integral parts of the current Allianz4Good department. That same year, Allianz counted 20 ecological products in its product portfolio and signed the United Nations (UN) Principles for Responsible Investment. In 2006, the Group was also listed for the first time as Industry Sector Leader in the Dow Jones Sustainability Index and as a Gold Class Member by the Sustainable Asset Management (SAM) rating agency. We have been included in these listings every year since 2000.

### 2008-2009: Top sustainability rankings

In 2008, Allianz4Good (then called Group Social Opportunities) was established and with it, the Board of Management agreed on a new strategic approach to the Group's social involvement. That same year, the number of microinsurance policies taken out with Allianz worldwide passed the one million mark. Allianz was also named one of the World's Most Ethical Companies 2008 by Ethisphere Ranking and received a "Ruban d'Honneur" in the European Business Awards. A milestone at the end of 2009 was the first-ever appointment of an Environmental Manager at Group level with the key task of coordinating our Group strategy across our subsidiaries as of 2010. This year, Allianz has, for the first time, more than 50 environmentally friendly products on the market. In 2009 Allianz Specialized Investments invested around €760 million in renewable energies.

## 2 Material issues: Key issues material to our business

A key element of sustainable development is to identify the relevant environmental and societal topics that are financially material to our long-term business strategy. The materiality process at Allianz rests on two pillars: the work our strategic department known as Economic Research and Corporate Development (ERCD) and stakeholder surveys conducted by Corporate Affairs. ERCD continuously analyzes megatrends and their sub-topics with the help of internal and external experts and applies a weighting method to identify impact and probability. The most recent survey of what stakeholders thought about our most relevant topics was carried out at the end of 2009. In other words, Allianz analyzes not only the external sphere of stakeholder expectations but also the knowledge about megatrends and their associated risks and opportunities.

Internal interviews with decision-makers from all strategic Group Centers and Business Units were used to additionally verify critical topics relating to different strategic areas of our company such as Human Resources and Compliance. Parallel to that, we consulted sustainable development publications of leading reporting companies and used additional external sources, such as:

- Insuring for Sustainability, the United Nations Environment Programme Finance Initiative publication topic list, 2007
- World Economic Forum overview of global risks, 2010
- Key issues arising from rating agencies

### Careful evaluation

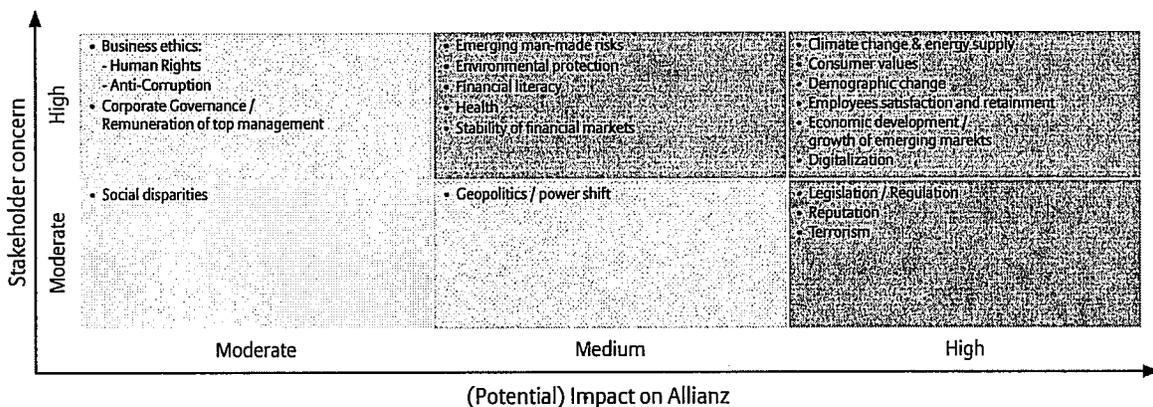
One of the main additional criteria for the evaluation of Group materiality topics was the degree of influence Allianz has on them. The results were entered in the following interactive Materiality Matrix, which is based on the same structure as in previous years and thus makes comparisons possible.

We compared 2009 with 2008, identified materiality shifts of significance to our strategic approach, and concluded that a stronger weighting has to be given to customer orientation, transparency, financial literacy, and to Allianz employees as a key stakeholder group and vital corporate asset. We also gained insights into the increasing focus on climate change as an opportunity rather than a risk and the growing significance of demographic change as a major social challenge worldwide.

### Outlook

We know that stakeholders' views and the potential impacts that issues have on our business can change over time. That is why the materiality process is a dynamic one and will be repeated regularly. It also needs ongoing optimization so we can systematically take account of the insights gained by our strategic analyses, one of the most important strategic tasks for 2010. Another important aspect is the further development of our dialog with stakeholders regarding future priorities in the Materiality Matrix.

Materiality Matrix 2010



### 3 Corporate Governance: Maintaining trust through responsible leadership

The long-term success of a company is critically dependent on responsible and transparent leadership. The trust our customers place in us depends to a high degree on their perception of how our company is managed. It is therefore important to Allianz to constantly check and actively develop our existing corporate governance.

Allianz orients itself towards existing standards for good and responsible company management, such as those

laid down in the German Corporate Governance Code. Our Code of Conduct outlines acceptable behavior and our corporate responsibility, acts as a guideline for our employees, and shapes company culture. Our corporate responsibility is also reflected in our remuneration structure and long-term risk management.

#### 3.1 Corporate constitution: Leadership responsibility on several shoulders

Allianz has a dual management structure. The Board of Management, as the executive body, is responsible for managing the company, while the Supervisory Board has the job of overseeing and advising the Board of Management. The Chairman of the Board of Management coordinates the various tasks of the Board members.

##### Board of Management responsibilities

In 2009, the Allianz Board of Management was made up of ten members from different countries. They are jointly responsible for overall management of the company. The Board's responsibilities include setting business objectives and the company's strategic direction as well as coordinating and supervising the subsidiaries. The Board is also responsible for implementing and supervising an effective Risk Management System. The Chairman of the Board of Management coordinates the Board's activities and has the right of veto on the Board of Management's decisions. However, he cannot impose any decision against a majority vote of the Board members.

The Board of Management regularly and comprehensively reports to the Supervisory Board on:

- Business development
- Financial position and earnings of the Group
- Budgeting and achievement of objectives
- Compliance issues
- Strategy and existing risk exposure

Certain Board of Management decisions, for example, increasing share capital (Authorized Capital), acquiring treasury stock, and issuing convertible bonds or bonds with warrants, require approval from the Supervisory Board, as does the appointment of the Board member responsible for employment.

##### Role of the Supervisory Board

Apart from its supervisory function, the Supervisory Board is also directly involved in fundamental company decisions: appointing the members of the Board of Management, determining their remuneration and reviewing the Allianz annual financial statements. As stipulated by European Statutes, the Supervisory Board consists of twelve members, six of whom are proposed by the employees and nominated in proportion to the number of international employees. The Chairman, who has the deciding vote, may only be a shareholder representative. The Supervisory Board regularly evaluates the effectiveness of its activities through a review prepared by the Standing Committee.

##### Supervisory Board Committees

Some of the Supervisory Board's activities are delegated to the following Committees:

- The Audit Committee, which is responsible for reviewing the Group's financial reporting, oversees the financial reporting process and the effectiveness of the internal control system, the Risk Management System, and the internal audit system as well as dealing with issues of compliance
- The Standing Committee, which oversees central Corporate Governance processes, is responsible for the approval of certain major transactions in the company
- The Personnel Committee is responsible for personnel matters relating to members of the Board of Management
- The Risk Committee monitors the overall risk situation and specific risk developments in the Allianz Group

- The Nomination Committee is responsible for drawing up selection criteria for shareholder representatives on the Supervisory Board in compliance with the German Corporate Governance Code

### 3.2 Corporate conduct & compliance: Compliance @ Allianz

The sustained success of the Allianz Group is based on trust, respect, and the responsible, integrity-enriched behavior of all Group employees. With its compliance and anti-money laundering program, Allianz supports and follows internationally and nationally recognized guidelines and standards for rules- and values-based corporate leadership.

These include, among others, the German Corporate Governance Code, the United Nations (UN) Global Compact Program, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the recommendations of the Financial Action Task Force on Money Laundering. By recognizing and supporting these international and national principles, Allianz manages the risk of violating legal and regulatory provisions and requirements (Compliance Risk).

#### Code of conduct

The standards for business conduct established in the Allianz Group's Code of Conduct for Business Ethics and Compliance are the basis for guidelines and principles, and are obligatory for all employees worldwide.

The Code of Conduct and additional internal guidelines provide all employees with clear guidance on conduct that is in accordance with the values of Allianz. They provide employees with practical guidelines for making their own decisions and avoiding potential conflicts of interest. These guidelines also help employees recognize when they are approaching a critical limit, such as the acceptance of gifts or invitations from business partners. The Code of Conduct also forms the basis for guidelines and controls to ensure fair dealings with Allianz customers (Sales Compliance).

The Allianz Code of Conduct includes principles and rules on the following topics:

- Non-discrimination and harassment
- Dealing with confidential information
- Insider trading and recommendations
- External communication
- Conflicts of interest
- Gifts & entertainment
- Protection of Group property and natural resources

Worldwide established local compliance departments provide advice to employees and our subsidiaries on compliance-related topics, support the implementation and monitoring of preventative measures as well as the detection of non-compliant behavior and advocate compliance positions with regulators.

To transmit the principles of the Code of Conduct and other compliance guidelines and controls effectively, Allianz has developed interactive training programs around the world.

#### The Allianz Anti-Corruption Program

In almost all countries in which Allianz has a presence, there are legal provisions against corruption and bribery. For this reason, a global Anti-Corruption Program was established in the summer of 2009, which guarantees the continuous monitoring and improvement of internal anti-corruption controls.

One of the major components of the Anti-Corruption Program is the Allianz Anti-Corruption Policy, which sets out the Allianz Group's minimum anti-corruption and anti-bribery standards and applies consistently across the entire Group. Appropriate parts also apply to representatives, joint ventures, and outsourcing partners (as defined in the policy).

The policy serves as an outline of the Allianz Group's existing controls and behavioral guidelines on the following risk areas.

- Dealing with government officials
- Business courtesies
- Hiring representatives (for example, tied agents)
- Political contributions on behalf of Allianz
- Joint ventures and outsourcing agreements
- Facilitation payments

The essentials of this policy are incorporated into our day-to-day business through implementation of several anti-corruption tools and controls.

The online Anti-Corruption Training that will be rolled out across the Group in 2010 will inform employees about the main anti-corruption and anti-bribery rules and the essentials of the Anti-Corruption Policy.

#### Employees' reporting – whistle-blowing

A major component of the Allianz compliance program is a whistle-blower system that allows employees to confidentially alert the relevant compliance department about irregularities. Employees who voice concerns about irregularities in good faith should not need to fear retribution in any form, even if the charge later turns out to be unfounded. An internal survey we conducted throughout the entire Group in 2010 shows that almost every subsidiary has a whistle-blowing channel. The Group's Compliance department offers all employees worldwide the option to report irregularities directly to the Allianz headquarters via a whistle-blowing e-mail.

#### Compliance organization

In close cooperation with local compliance departments, Group Compliance is responsible for ensuring the effective implementation and monitoring of compliance and anti-money laundering programs within Allianz. Representatives of the main insurance regions (for example, Asia Pacific), major flagship companies, and the three main business divisions make up the Compliance Standards Committee. Their main task is the development and implementation of strategic compliance initiatives, projects, and policies relating to compliance activities that impact on the Allianz Group in more than one geographic region or across multiple operating divisions.

### 3.3 Remuneration: Remuneration system with sustainable elements

Allianz pursues its goal of ensuring and promoting sustainable, values-oriented corporate governance in the remuneration of its senior managers. The Board of Management's remuneration is determined by the Supervisory Board and reviewed regularly. Whereas the total amount of Board remuneration fell by 32% in the crisis year of 2008, it recovered by 18% in 2009.

#### Composition of Board remuneration

In 2004, Allianz was one of the first German DAX-listed companies to introduce multi-year components into its variable remuneration system. Remuneration consists of fixed and performance-related components, the latter being made up of three elements: a short-term annual bonus, a three-year bonus, and a long-term, share-based element. The aim of this three-tier remuneration system is to reward not only the achievement of short-term financial goals but also long-term success and the creation of sustainable, balanced increases in shareholder value.

#### Strengthening sustainable remuneration elements

The Supervisory Board approved changes to executive remuneration in 2009. In effect since January 1, 2010, performance goals for top managers have been linked even more closely to criteria for sustainable corporate success and the strategy of the Allianz Group. The remuneration system for all Board members was also revised, likewise taking effect from January 1, 2010. The structure of performance-related pay was adjusted with particular consideration being given to sustainable development issues. The changes primarily affect the three-year bonus, which has gained in importance compared to the annual bonus. Changes have also been introduced for target-setting in success- and performance-related pay. Target agreements have been simplified and summarized in an overview. More details can be found in our Annual Report.

### 3.4 Risk management: Risks and opportunities – our core business

As a provider of financial services, risk management is one of our core competencies. It is therefore an integral part of our business processes. In order to protect our assets, we have established a Group-wide Risk Management System which includes an extensive, Group-wide calculation of risk capital. This integrates risk considerations and capital requirements into the decision-making and management processes of the various business segments. A key feature of this system is a strong risk management culture supported by robust risk organization and effective risk governance.

#### Risk organization and principles

The Allianz Board of Management, which has final responsibility for risk-related decisions, defines the Allianz Group's risk strategy and approves risk policy and risk-limit structures. The Group Risk Committee, which reports directly to the Allianz Board of Management, monitors solvency (availability of capital) and the Group's risk profile, defines risk standards and limits both for the Group and its subsidiaries, and also recommends and approves risk reduction measures. The Group Risk department, which acts as an intermediary between the different companies and the Group Risk Committee, optimizes the dialog between the Group and its

subsidiaries, reports on risks relevant to the Group, and implements the internal risk capital model.

#### Risk Policy and minimum standards in the Allianz Group

The core elements of the Risk Management System at Allianz are the Group Risk Policy and a set of minimum standards to which all Allianz companies must adhere. They are based on sector standards and regulatory frameworks to ensure effective and consistent risk management for the Group. The Group Risk Policy and these minimum standards form a reference system within which subsidiaries can develop their own policies and procedures. All Risk Policy documents are reviewed regularly to ensure a timely response to new business requirements and implementation of best practices.

#### New risks and early warning systems

The early detection of risks and an enhancement of our understanding of new and previously unknown risks are vital factors in our business success. Since 2001, Allianz has had a working group focusing on this. Initially known as the Trend Assessment Committee, it was renamed the Global Issues Forum in 2010. It is made up of senior managers and analyzes long-term risk and opportunity developments. Its meetings are sometimes attended by

external experts as well. The Global Issues Forum ensures that Allianz can access information from a body of experts who systematically monitor risk developments and also carry out regular risk and opportunity analyses of factors that may become relevant to our business development. The Group uses a multitude of tools to analyze medium- and long-term trends, and has identified topics relevant to our business:

- Economics and finance
- Legislation, regulation, and reputation
- Geopolitics and globalization
- Society and consumer behavior
- Demographic change
- Environment and climate change
- Technologies and medicine

The Global Issues Forum endeavors to provide early indication and evaluation of risks and reports regularly to the Allianz Board of Management as part of this early warning system function. It also coordinates its activities with the Group Risk department, the Group Risk Committee and the Global Issues Working Group (founded in 2009).

#### Long-term risk evaluation

The Global Issues Working Group, which was set up in 2009, has taken on the evaluation of newly arising risks. In future, it will also be responsible for reporting and identifying priority risks to be dealt with by the Global Issues Forum.

Allianz also develops its product portfolio on the basis of risk assessment. A recent example was the

Digitalized Globe 2019 Conference, which took place in October 2009, where detailed risk maps and fundamental scenarios for the world in 2019 were discussed. The particular focus was on the identification of future financial market bubbles and the resultant risks. The next conference will extend its outlook to 2050.

## 4 Stakeholder approach

Stakeholder trust in our performance is essential for our business. We listen to what our customers, employees, shareholders, business partners, and public officials tell us, and respond to them to communicate our company's

ideas and concerns. We are committed to sustainable development and responsible corporate management through numerous national and international obligations we have voluntarily entered into.

### 4.1 Listening to stakeholders: Knowing stakeholder expectations secures company success

Our stakeholders' expectations are rising all the time. Apart from information requests, they often have very specific demands. They are not alone; we also want to discover more about how Allianz can effectively help in managing current and future environmental and social challenges. To this end, we are working closely with a range of national and international organizations. Surveys are a key tool we have traditionally used to discover which topics are most relevant to our stakeholder groups.

#### Stakeholder Survey 2009

Every two years we ask our main societal stakeholders about the key issues Allianz should deal with and how we should address them. In all, 131 completed questionnaires were received from stakeholders from the following sectors or groups.

- Politics
- Media
- Non-governmental organizations
- Science
- Companies
- Allianz management

#### New focal points

Of all the issues respondents named, demographic change came out on top, as in the previous year. However, there was a recognizable shift of focus towards:

- Education
- Stability of capital markets
- Dealing with technological and social risks

#### Changed expectation profile

As well as expecting Allianz to act as a responsible financial services provider, the respondents also placed greater emphasis on "social commitment" and "cooperation with non-governmental organizations" and named "customer satisfaction" as the main indicator of success, even ahead of "profitability" or "employee satisfaction." They also said they were very willing to be involved with Allianz in new issues and commitments, and in this context considered dialog events and online information to be important.

## 4.2 Stakeholder relationship: Wide range of stakeholder relationships

Not all stakeholders actively approach us with their concerns. It is, nevertheless, extremely important to understand the demands of all stakeholder groups and to manage our stakeholder relationships systematically.

### Comprehensive stakeholder relationship management

Our stakeholder relationship management takes the form of regular and systematically planned stakeholder dialogs that consider the differences in stakeholder expectations as well as the most effective forms of communication in the light of regional and cultural differences. We specifically differentiate between the following six stakeholder groups.

### Employees

Allianz maintains its relationships with employees, their representatives, and organizations through a variety of means ranging from personal meetings and training courses to mentoring programs and regular Employee Surveys.

Our Chief Executive Officer, Michael Diekmann, and other members of the Board of Management regularly visit our subsidiaries, giving employees the chance to meet them personally and engage in open exchanges. Moreover, Allianz SE established a European Works Council shortly after becoming a European company (Societas Europaea, SE) in 2006.

### Customers

To make it easier for customers to deal confidently with financial topics, we maintain a section on our Group web portal that explains how the financial and economic crisis developed and what its possible consequences for consumers are. We also invite our customers to participate in trials to help us in the development of new products and marketing instruments – in order to ensure that these are understood fully. We carry out regional customer satisfaction programs and regularly check whether our customers would recommend us to others. Another steering tool we use to improve customer relations is our customer complaint management.

### Suppliers

We carry out supplier surveys to learn more about our suppliers' businesses and their efforts in the area of sustainable development, and we also work with our financial services sector partners in initiatives aimed at promoting the exchange of ideas and developing sector-wide solutions.

### Investment Community

Allianz supplies investors, analysts, rating agencies, and the socially responsible investment community with extensive business data and information about the Group's sustainable development performance. As a member of the Carbon Disclosure Project, we regularly publish our carbon dioxide (CO<sub>2</sub>) footprint, which facilitates the consideration of climate risks in investment decisions. We communicate with investors through road shows in many global financial markets and also talk to them about the specific opportunities and challenges in the finance sector.

### Community

As a global financial services provider active in more than 70 countries worldwide, Allianz strives to build up trust in each society by sharing its knowledge and expertise. Furthermore, we call on our staff, agents, and business partners to personally engage for the common good. We take today's challenges as opportunities for action through our local activities, global projects, and the work of our Corporate Foundations, for example, the Foundation for Sustainability and the Allianz Cultural Foundation. We rolled out two corporate citizenship projects in 2009 to provide additional focus to our community engagement: My Finance Coach and Social OPEX.

### Government Relations

Allianz has a wealth of knowledge it can bring into discussions about any future regulation of financial markets. Any lobbying we do is in strict accordance with our Lobbying Code of Conduct, which stipulates that issues in the public interest are to be communicated honorably, transparently, and in strict accordance with the law. This Code also requires all stakeholder groups to be considered equally.

In addition, we maintain various partnerships with renowned and trustworthy organizations such as World Wide Fund For Nature (WWF) or the United Nations Environment Programme Finance Initiative (UNEP FI). We make good use of our cooperation with them to carry out first-hand research, exchange best practices, and develop solutions for social and environmental challenges.

### 4.3 Our commitments

We see transparency and mutual knowledge-building as important preconditions for tackling the challenges of sustainable development. To this end, we seek to cooperate with international experts from the scientific, political and business communities, and from non-governmental organizations.

#### United Nations Global Compact

In 2002, Allianz signed the United Nations (UN) Global Compact. This commits us to compliance with its ten principles in the areas of human rights, working conditions, the environment, and fighting corruption. Like all signatories, we publish an annual Progress Report. In recognition of the quality of our 2009 Report, we were invited to participate in the Global Compact Initiative, in which we exchange views with other leading companies about impending challenges and early approaches to solutions.

#### Transparency International

Allianz has committed itself to fighting corruption and fraud through the high standards of its Code of Conduct. As a member of Transparency International since 2002, we also take a global stand against corruption. This independent, non-profit organization is active in more than 90 countries and works with numerous partners to fight corruption.

#### United Nations Environment Programme Finance Initiative

To increase the awareness of sustainable development issues among financial sector players, we participate in the Finance Initiative of the United Nations Environment Programme (UNEP FI). Through the 2010 Investor Statement on Catalyzing Investment in a Low-Carbon Economy, for example, we support international climate conferences. The Statement, which was signed by all members of the Principles for Responsible Investment (PRI) Initiative, emphasizes that investors, companies, and governments can no longer wait for a global agreement on reduction of carbon dioxide (CO<sub>2</sub>) emissions but need to make decisions now that will help generate the required private capital.

#### World Business Council for Sustainable Development

As a member of the World Council for Sustainable Development (WBCSD), we are helping to develop a vision for the sustainable world of the future. WBCSD, which represents around 200 companies from 35 countries and 20 different sectors, sees itself as a best-practice platform.

#### Carbon Disclosure Project

In 2002 Allianz joined the Carbon Disclosure Project (CDP), an independent organization now representing 534 institutional investors worldwide with more than US \$64 trillion in funds. CDP collects, evaluates, and publishes data on the CO<sub>2</sub> emissions from more than 3,000 companies around the world. RCM, a globally active investment company belonging to the Allianz Group, uses the CDP database to compile risk profiles on companies' climate performance.

#### World Wide Fund For Nature

Together with World Wide Fund For Nature (WWF) and leading business and scientific institutions, we analyze the risks and opportunities for the financial sector brought about by climate change. We look, for example, at the effects of climate-political scenarios on different industry sectors, or the consequences of climate-conscious consumer behavior for risk profiles. The Report on Energy and Climate Policy in Europe (RECIPE), which was backed by Allianz and WWF, compared three energy-related economic models and drew up climate policy recommendations. RECIPE investigated four carbon-intensive industries in Europe – power, manufacturing (cement and steel), transport, and agriculture – and outlined paths (including associated costs) that could be taken to reduce CO<sub>2</sub> emissions.

#### Principles for Responsible Investment

Environmental, social, and governance topics are of great significance for the value development of investment portfolios. As founders and co-signees of the Principles for Responsible Investment (PRI), an investor initiative, we encourage our investment companies Allianz Global Investors France, Allianz Global Investors Korea Ltd., and RCM to consider these criteria more strongly.

### Local initiatives and dialog opportunities

Initiatives for sustainable development encounter differing conditions and stakeholder expectations in different countries. It is therefore important for us to communicate our commitment at a national level and to create dialog opportunities via business initiatives. Since Allianz has so many national and local commitments, we can only present a small selection here.

#### ClimateWise UK

In 2007, the ClimateWise UK initiative was founded by leading insurance companies, including Allianz UK, with the common goal of creating a platform to find responses to the various risks and opportunities associated with climate change. Today, ClimateWise UK has some 40 members and is chaired by Andrew Torrance (Chief Executive Officer of Allianz UK). It is supported by the University of Cambridge, is part of the Prince of Wales' Corporate Leaders Group on Climate Change, and is internationally active.

### "Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e. V."

Allianz is a member of the "Forum Nachhaltige Entwicklung der Deutschen Wirtschaft" (econsense), a network of companies set up in 2000 by the Federation of Germany Industry. econsense sees itself as a think-tank and platform for open dialog between business, science, politics, and other corporate stakeholders. One of econsense's current projects is the "Klimatech-Atlas," an online reference database that provides an extensive overview of the existing green infrastructure and available technologies.

#### Initiative 2° – German CEOs for Climate Protection

Nine leading German companies, including Allianz, founded Initiative 2° – German CEOs for Climate Protection, in 2007. This was the starting point for numerous campaigns, with the common goal of ensuring that global warming at the end of this century is no more than 2°C more than the average temperature in the pre-industrial age. This goal can be reached, says the Initiative, through the consistent advancement of science and technology. To stimulate such advances, the Initiative held the 2010 2° Forum on Research and Innovation for Climate Protection in Berlin in February of this year.

## II Our achievements

At Allianz we see ourselves as responsible members of society and we are working intensively to create a future worth living in. Our involvement ranges from environmental and climate protection, through employee development and promoting education, to a sustainable supply chain. We maintain dialog not only with our stakeholders, such as customers and investors, but also with political and public decision-makers, and openly communicate our progress in the area of sustainable development.

### 1 Employees

One of Allianz's fundamental challenges for the future is attracting well-educated and motivated staff, offering them the right jobs, and retaining talent in the long term. This is particularly true in the context of demographic change and the resulting lack of qualified staff in the foreseeable future.

Allianz is taking a strategic approach to this challenge. On the one hand, we are establishing a broad basis of varied talents while on the other, we take a Group-wide

approach to personnel development. Allianz's success is based on healthy and committed employees who actively support the Group's progress. We are therefore creating a company culture characterized by appreciation and diversity, open dialog with our staff, and understanding of the work-life balance.

## 1.1 Management approach: Human resources strategy in a global context

Globally, Allianz employs more than 150,000 staff in various subsidiaries operating in around 70 countries. Each of these companies has differing needs, and therefore Human Resources (HR) policies do vary to some degree. The central challenge for our global HR management is ensuring a globally consistent HR strategy. For example, we have provided all of our companies with a strategic HR framework that puts individual personnel approaches in a global framework, such as the Global Talent Management Initiative. However, each subsidiary remains responsible for its own operational implementation.

### Pursuing goal-oriented change management

To continuously and systematically improve our HR processes across the Group, we initiated various change management projects in 2009 to support our Target Operating Model. By leveraging this superior operating model, we are modernizing our entire organization. For example, we have developed a functional blueprint for Allianz's HR function. This standardization of our HR organization (job roles, functions, objectives) is crucial to sustainably increasing the efficiency and quality of our HR-related services.

In support of this effort, a benchmarking exercise on the efficiency and service quality of HR functions was carried out across our largest companies. The results of this analysis were used to identify potential savings, some of which will be reinvested in improving HR service quality. New operational workforce deployment tools, requisite training measures, and change management action plans all helped to make this transition efficient and swift. Our local subsidiaries have been included in this process.

### Preparing ourselves for the road ahead:

#### Strategic Workforce Planning

In 2009 Allianz launched Strategic Workforce Planning to identify and address future workforce opportunities and challenges at a global and local level. It is designed to ensure that Allianz always has sufficiently skilled staff available in the right place and at the right time. Our planning is based on detailed future scenarios that simulate the long-term effects of various economic, demographic, and socio-cultural factors. Influencing factors range from the retirement-driven outflow of expertise to future skill bottlenecks in key labor markets. We also assess possible behavioral, loyalty, and work-life trends, and compare varying productivity key figures against our strategic business objectives.

Allianz concluded a pilot project for one department of Allianz Germany in 2009. The goal was to define the employee skill profiles required for up to ten years into the future. This project has already given us important insights into the opportunities that workforce planning brings. Moreover, it has also supported us in designing a Group-wide concept for Allianz's future workforce planning.

We have two goals for 2010: continuing to roll out Strategic Workforce Planning in selected companies and training our HR experts in the use of this strategic planning tool.

## Awards in 2009

- “Learning Improvement Process” Award for the Allianz Management Institute in Germany
- InnoWard for special educational achievements, awarded to Allianz Germany by the Institute for Professional Apprenticeship for the German Insurance Industry
- “100 Best Human Resources Management Companies,” “100 Best Training Companies,” and “TOP 50 Work Place” awarded to Allianz China Life by the China Business Journal
- “Investors in People,” a national recognition for excellence in employee training, awarded to Euler Hermes in the UK
- “Human Capital Index 2009 for the Financial Service Industry” awarded to our Allianz Life Insurance company in Indonesia, in a leading national contest to determine the most desirable employer
- “2009 Employer of Choice for Women” citation for Allianz Australia from the Equal Opportunity for Women in the Workplace Agency as a public acknowledgment of organizations that support and advance women in the workplace

## 1.2 Recruitment & development: Our goal – being an attractive employer

Allianz’s systematic, forward-looking workforce planning means we are very well placed in the global competition for talented young staff and qualified specialists. Our strategic and target-group-specific recruitment activities are geared for future workforce needs. Despite the financial and economic crisis we continued to press ahead with these activities in 2009. Within the Allianz Group the demand for fresh talent and expertise remains undiminished.

In line with our policy of aligning our training capacities to future demand, Allianz Germany has increased the number of traineeships on offer by 30% since 2007, to a total of 516. Our vocational training always has a three-year horizon. With today’s recruits Allianz can count on having a well-qualified next generation of managers and specialists for the future. In this way we are constantly working to counter demographic developments in staffing availability.

**Comprehensive training to develop competencies**  
Besides securing a good position in the market for future high-performers, Allianz emphasizes personnel development to retain skilled employees in the long term. For example, in 2009 we developed a tailored training program for actuaries, the Global Actuarial Program. In the future, we plan to extend such training programs to other functions.

Six-month development targets and individual development plans ensure the ongoing development of all our 153,203 employees. In 2009, 60% of Allianz’s total workforce and 81% of our managers attended at least one training program and we invested a total of €147 million in staff training.

**Consistent leadership development**  
Whenever possible, we aim to fill management positions internally. We promote and develop our current and future leaders through a central initiative, the Allianz Global Talent Management Initiative, which has now been implemented in our 56 largest companies, covering almost 3,600 senior managers and high-potentials.

### Allianz Global Talent Management Initiative

The aim of our Global Talent Management Initiative is to systematically optimize the global recruiting, development and remuneration process in order to maximize talent quality and performance in the Group. Our Talent Management program has established Group-wide standards for excellent leadership and

creates the conditions for facilitating career paths for all management staff. We have extended our leadership assessment standards to all talent-management areas, including recruitment, incentive and remuneration systems, career management, and training – and also in our approach to staff turnover.

### Training programs for experts and managers

To develop our employees' potential in the best possible way, we invest in two major personnel development tools:

#### Career Development Conferences

At regular career development conferences, which are important elements of our Global Talent Management process, we discuss development and succession planning issues for the more than 4,000 managers and staff identified with development potential in all companies. These discussions take place at local, regional, functional, and Group levels, thus creating the conditions for cross-Group and cross-functional career development paths.

This clearly-defined and transparent model has many advantages:

- Clear alignment of individual career paths with corporate strategy
- Open debate with colleagues and managers, including 360-degree feedback
- Tailored development plans
- Transparent communication of performance expectations and evaluation systems

#### Allianz Management Institute

We promote and develop our managers through the Allianz Management Institute (AMI). In 2009 the Institute extended its network to include five management academies worldwide, and Allianz was reaccredited for another five years with the prestigious Corporate Learning Improvement Process (CLIP) award for corporate universities by the European Foundation for Management Development. This means that we retain the CLIP Award for another five years. In close cooperation with leading universities and scientific institutions, our AMI network offers managers tailored and modular training as well as qualification programs. AMI provides consistent business orientation and capability training for leadership at a global (AMI Group) as well as regional and local levels, via so-called Academies or equivalent facilities. Increasing emphasis was placed on training, with more than 60% of all staff and an impressive 81% of all managers participating in at least one training session in 2009



Lukas Neckermann  
(Head of Allianz Management Institute)

"Sustainability means generating leadership talent with an eye toward the double bottom line – to create business and to have a wider social impact. We view this as core to meeting tomorrow's challenges. Hence, we are proud to nominate participants to the Future Leaders Team of the World Business Council for Sustainable Development."

### 1.3 Diversity & work-life: Diversity as a business success factor

At Allianz we are convinced that the diversity of our workforce contributes to our global success. The different perspectives and ideas, cultural backgrounds and individual preferences of our more than 150,000 employees in over 70 countries are an important source of creativity and innovation. Promoting diversity is not just the right thing to do - it is rapidly becoming a competitive factor for our business.

Leveraging our differences and combining our shared strengths will also allow for a stronger customer and market focus and promote increased productivity. Since the late 1990s, Allianz has anchored "Diversity and Inclusiveness" in its corporate culture, and we plan to extend this approach even further.

Diversity firmly anchored in corporate culture

Allianz's Global Diversity Council (GDC), founded in 2007 and chaired by Board of Management Member Jay Ralph, pursues the implementation of diversity in our Group. The Council, made up of 20 senior managers, develops strategies and guidelines for the entire company, which are then implemented in our subsidiaries by local Diversity Managers or task forces. In addition, the GDC decides diversity targets, such as increasing the ratio of women in line for senior management positions. We aim to firmly integrate diversity in Allianz's daily business and have concentrated our global diversity efforts on two issues we consider particularly important and effective:

#### Increasing the number of women in leadership roles

Across the Group, 32% of our managers are female, whereas women make up 54% of our total workforce. We are aiming to increase the current 16% of women in senior management positions and will achieve this by ensuring our Group has an adequate share of female candidates with management potential for succession planning at all levels in the hierarchy. We have developed a mentoring program for trainees, in which 70% of the intake are women. This program eases the transition to higher management roles for participants and fosters internal networking.

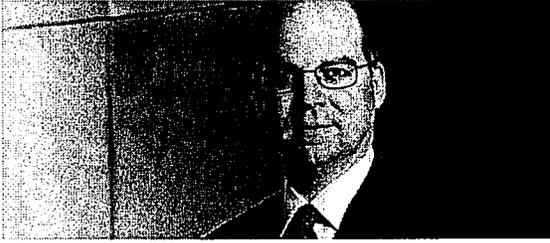
#### Unhindered access for employees with disabilities

Another focus of Allianz's diversity activities is the better integration of employees with disabilities. The basis for this is barrier-free access to our buildings and websites. In February 2010 we began with the implementation of Group-wide minimum standards for the accessibility of buildings, work stations, and websites. These standards take into account the needs

of wheelchair users as well as blind and visually impaired people. In 2009 we also carried out a Group-wide comparison of best practices that will be used in the future as a guideline for the implementation of Group-wide accessibility standards.

In response to Brazil's statutory requirement that 5% of jobs be reserved for disabled people, Mondial Assistance Brazil began looking for suitable candidates and discovered that the technical and communicative skills of visually impaired and blind applicants best met their requirements. Before long, it became perfectly clear that the new recruits were much more than legally prescribed stopgaps, especially thanks to Virtual Vision, a dedicated piece of speech software tailored to their needs.

Allianz France, which plays a leading role in the Group-wide process, has already introduced extensive activities for the targeted recruitment and integration of people with disabilities, and runs a week-long awareness campaign every year.



Jay Ralph

(Member of the Allianz Board of Management  
and Head of Allianz's Global Diversity Council)

"In order to create change, we are addressing gender diversity like a business issue."

#### Work, health, private life – the work-life balance

The work-life balance of our employees is a factor of significance in long-term motivation and health and of increasing importance in recruiting new staff. Allianz supports its employees in creating a healthy balance

between work and private life by different means, including flexible working models, health and fitness campaigns, and daycare facilities for our employees' children.

#### Allianz Germany

Since the early 1990s, Allianz Germany has been promoting a better balance between family and job. A current example is holiday supervision for employees' children, which was launched in 2008 and extended from two to three weeks in 2009. It is run in cooperation with Germany's "Arbeiterwohlfahrt" (Workers' Welfare Organization). In 2009, Allianz Germany was awarded membership of the "Münchner Aktionsforum Familien" (Munich Forum

for Family Action) for its commitment to families. Allianz will continue to work to make a healthy work-life balance a reality. For instance, we are planning to create a Standing Committee to evaluate existing measures. Moreover, we also plan to agree on a Group-wide policy "Unternehmenswerte Familie" (Family is a Corporate Value) that will award the family the status of a corporate value.

## 1.4 Satisfaction & health: Health and job satisfaction

Our success depends on the commitment and the performance of our highly skilled staff. Maintaining and fostering this invaluable asset is fundamental to the sustainable success of the Group. Allianz offers its employees a working environment that supports their health and well-being. This includes not only appropriate pay and benefits but also a positive, values-based working culture. We regularly carry out employee surveys to measure the satisfaction of our employees.

### Regular employee surveys

Our employees' dedication is another key factor in our company's success, as it determines to what degree our staff are personally committed to the company. We use regular surveys to measure the level of commitment and satisfaction of our staff and managers. It is imperative that the company turns these results into specific action plans. In 2009 we extended our Employee Survey to 39 companies, and additionally surveyed 5,900 managers in a total of 63 companies.

Participation levels at Allianz have been unusually high for years, which shows how important these surveys are to our employees. In 2009, 79% of employees responded to the general Employee Survey, and the Leadership Survey was completed by 90% of our managers. Generally speaking, both surveys showed a high degree of agreement in the staff perception of Allianz's corporate culture. The improved index figure for employee commitment was highly satisfactory and our scores achieved the same positive results as in previous years. It shows that our staff are proud to work for a company that acts reliably and responsibly, especially in times of crisis.

### Transparent remuneration structures

In 2009 we conducted a thorough review of our senior management remuneration system. The goal was to simplify the different incentive components and harmonize them further in order to ensure a standard Group-wide approach. All these changes support our business strategy of reducing complexity in our Group, increasing transparency, extending sustainability, and enhancing our performance culture.

Our Group continues to apply flexible remuneration solutions in many countries. This also includes different models for retirement provision (Deferred Compensation Schemes). For legal, market-related, and cultural reasons, each employee benefits package we offer is determined locally and therefore varies between countries and companies.

### Employee Stock Purchase Plan

Allianz again offered a global Employee Stock Purchase Plan (ESPP) in 2009. Subject to specific conditions, this provides eligible employees with an opportunity to acquire Allianz SE shares on preferential terms. The Plan aims to promote share ownership among our employees while also seeking to increase their financial awareness and interest in the company's strategy and performance. Around 16,000 of the 92,000 employees in 21 countries who were eligible to participate in the global ESPP took advantage of the scheme.

### Health management at Allianz in Germany

Allianz has introduced an overarching health management system at its German companies to continuously improve its preventative measures. The focus in 2009 was on the topics of healthy nutrition and early detection of health risks. At its main sites in Germany, Allianz offered seminars on healthy nutrition as well as free health-screening

events for different types of cancer. In cooperation with "Allianz Betriebskrankenkasse," BKK (a German statutory health insurance company), all employees and their family members have access to programs for the early detection of colorectal cancer. Regular eye checks are also offered to staff who often work with computers.

## 2 Customers

Allianz aims to build lifelong relationships with our customers which are based on mutual trust. Evolving needs and individuals' recent experience with the global financial crisis are prompting consumers to look for new ways to relate to financial institutions and become better informed about their financial planning.

At Allianz we actively engage with our customers to gain a deeper understanding of their needs and wishes. Our Group also seeks to share the know-how and experience

we have gathered from serving 75 million customers for well over a century. We combine customer insights with our expertise as a leading global financial services provider. This allows us to offer our customers better solutions for their individual and business needs. By putting responsibility at the heart of all our customer interactions, we aim to make sure we treat them fairly, are transparent in exchanges, and communicate the Allianz brand responsibly.

### 2.1 Management approach: Market and customer orientation

The customer is at the core of Allianz's strategy in all our business segments. To build a strong community of customers, our mission is to deliver excellence in all areas. We are committed to managing risks and opportunities responsibly: This helps our customers progress in life and business and create a secure, prosperous future. Allianz relies on motivated employees who are committed to fulfilling the needs of our customers. In parallel, we foster trust in our company through prudent risk management, transparent products and a solid capital base.

Within Group Market Management, we work to ensure market and customer orientation is organized and continually improved in a structured way and local good practices are shared around the globe. To enable this, we continue to support all our subsidiaries in establishing the Market Management function. The core role of Market Management is to champion customer centricity throughout our organization.

Market Management is responsible for the following core processes:

- **Gaining deep market and customer insights:**  
Genuine customer focus is not possible without understanding our customers' changing needs. Market Management is responsible for consolidating customer feedback and other sources of market and customer insights, such as market research, and making this available throughout the organization.
- **Defining customer product and service requirements based on deep customer understanding:**  
Market Management uses market and customer insights to define appropriate product offerings and required levels of service.
- **Steering the development of a holistic go-to-market strategy:**  
Each Allianz company develops an individual growth plan for its respective market. The plan defines which customer segment is served through which channel and with which product offer. Allianz leverages the experience of our companies by promoting the exchange of good practice across the Group.
- **Building and protecting the brand:**  
The Allianz Customer Value Proposition and Brand Personality together define the essence of our brand. They provide an integrated customer experience that further differentiates the Allianz brand within the market and its competitive environment, thus delivering on our brand promise – to move on and up, together. Market Management is responsible for designing and managing effective, transparent campaigns and brand communications. It is therefore important to communicate with our customers in a transparent and easily understood manner.

### Awards

We are pleased that our constant efforts in maintaining and strengthening our customer focus have been recognized by the international financial services community through the following awards:

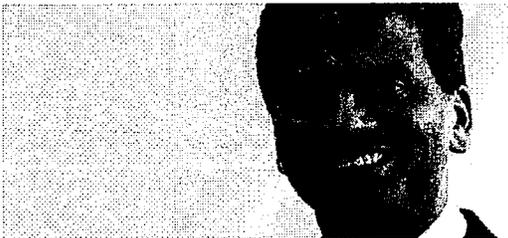
- “Best Insurer for Innovation 2009” (Central & Eastern Europe, Czech Republic, Croatia), by the journal Euromoney
- “Stevie Awards Finalist 2009” in the “Customer Service” category
- “Most Trusted Brand 2009” by Reader’s Digest.

## 2.2 Customer insights: Customer focus at Allianz

40% of new customers state that a recommendation from an existing customer was a factor in choosing Allianz as a provider of financial services. This is why ensuring customer satisfaction and loyalty is a priority for us. Allianz’s goal is to be the customer loyalty leader in all countries in which we operate.

To help us achieve this, a global Customer Focus Program was established and is now an integral part of Market

Management. We have implemented holistic processes across our global organization for gathering feedback from our customers, employees, and agents. As part of our Customer Focus activities we have established key tools such as the Net Promoter Score (NPS) and Complaint Management across our Group. These tools help us to constantly listen to our customers, identify their needs, learn from them, and act accordingly.



Joseph K. Gross  
(Head of Group Market Management)

“We intend to embed a strong customer and market orientation in the DNA of the entire Allianz Group to make profitable growth of our subsidiaries possible. We have already implemented the Net Promoter Score in more than 40 subsidiaries as a decisive monitor of customer satisfaction.”

### Customer feedback

NPS is a measurement of customers’ willingness to recommend Allianz. This is our key global metric for measuring customer loyalty.

We apply NPS in two ways:

- Firstly we use Top-down NPS to benchmark ourselves on customer loyalty every year against competitors within each market. In 2009 we applied this in 57 regional markets worldwide. Allianz’s commitment to customer orientation is underlined by the fact that CEO targets include achieving relative-to-market NPS improvement and progressing towards loyalty leadership.
- Bottom-up NPS is used to measure customer loyalty in key interactions. Allianz has established NPS in 40 Group companies, representing approximately 90% of Gross Written Premium. In 2009 this allowed us to collect feedback from almost 1,000,000 customers on key interactions such as making a claim. As frontline employees made these customer calls, NPS serves as an effective change-management and mobilization tool to support continuous improvements to our service process.

To gain a full picture of our performance we also apply NPS analysis to other stakeholders, most notably employees and our distribution partners.

The internal feedback we have received regarding NPS is very positive:

- 97% of Group companies openly communicate their Top-down NPS within the organization; many of them additionally cascade their targets down the hierarchy
- 81% of Allianz companies made Bottom-up NPS part of their regular management reporting: They use it to steer change throughout their organization, as well as to improve service quality in their relevant business areas.

Allianz takes its customers' feedback very seriously. In addition to NPS feedback, we also learn continuously

from systematically gathering and analyzing complaints. To ensure that complaints are handled with the proficiency they deserve, we established Group-wide quality standards. Allianz companies went through an internal certification process not only to make sure these standards are met, but also to make good practice common practice in the Group. Building on all these valuable insights, we are well positioned to act in the best interest of our customers and continuously improve our services, processes, and products in accordance with customer requirements.

The Allianz Group's NPS trend in 2009 shows that our efforts are successful: The number of Allianz companies with customer loyalty significantly above peer average has continuously increased since the first NPS measurement in 2006.

#### Good practice: Allianz Australia's online claims processing

The pace of life is constantly increasing. Our customers demand and deserve the flexibility to deal with their financial matters at a time that is convenient to them. This is why Allianz has already made it possible for financial services customers holding an Allianz policy to submit their claim notifications online. The benefits are:

- Total flexibility for Allianz Australia customers to submit their claim notifications – 24 hours a day, 365 days a year
- Adding a further, more flexible channel for claim notifications
- Customers receive an immediate receipt confirmation number for later reference
- Significantly reduced call-waiting times
- Secure online form completion and submission

The initial results and customer response to this improved service offer have been very positive. An Australian key partner comments: "We are finding service delivery very good under this new system. The dedicated team has been reacting very well to customer concerns whenever any problems arise. It is motivating to see Allianz taking feedback on board and providing efficient claims contacts who take ownership of calls – unlike some other companies."

## 2.3 Customer needs: Responding quickly to changing customer needs

The regional markets and countries in which Allianz does business are constantly evolving. Naturally, our customers' preferences change with time: Macro-scale developments such as climate change and ageing populations trigger demand for new financial products and services.

In order to meet these evolving needs, Allianz is constantly innovating and adapting its products and services. Good examples of our response to changing customer needs are:

### Allianz's Unemployment Protection Cover in Austria and Spain

Unemployment Protection is a groundbreaking product because of its uniqueness in the insurance markets of both Austria and Spain. No insurance company before Allianz has dedicated its efforts to solving a problem exclusively originating from a specific economic context.

The current economic crisis in Spain has stretched the personal finances of many citizens to critical levels: in 2009, the unemployment rate increased sharply. It is therefore no surprise that unemployment is Spanish citizens' main worry, as confirmed in the latest polls published by Spain's Social Investigation Center in December 2009. In Austria we are seeing a similar development: A significant percentage of customers have been canceling policies as they are simply unable to keep up payments for them.

Allianz is supporting our Austrian and Spanish customers by introducing special Unemployment Protection cover. This protects their policies in case they have serious premium-payment difficulties due

to unemployment, temporary disability, or bone fracture during the installment period. In Spain, the unemployment protection is an add-on guarantee included in Motor policies for customers with a longer relationship with Allianz.

- The insurance is aimed at covering the installments on current insurance cover: Allianz pays these for the customer, so policy cover remains fully effective.
- The customer continues to benefit from the personal security that insurance cover provides and installments continue to be paid on private pension plans

Our customers recognize the extra personal security that our approach provides, strengthening loyalty and reducing the incidence of "customer churn." The Unemployment Protection initiative is fully aligned with a key pillar of Allianz's Customer Value Proposition: Customers' Peace of Mind.



Israel Escacho  
(Customer & Innovation Manager in Market Management, Allianz Seguros Spain)

"It's especially important to us to be able to react flexibly to our customers' individual needs. Our new insurance model means we're there for our customers as a reliable partner – even in unforeseeable situations such as losing their job."

#### Allianz's innovative data-safe service for travelers in France

On February 16, 2010, Air France, Allianz, and our Group company Mondial Assistance presented Allianz Protect, the first digital safe for travelers. This innovative combination of secure data storage and travel assistance is an essential and highly practical online service for safe, worry-free travel.

- The digital safe is available to all Air France travelers and offers a customer interface in four languages
- Customers have the opportunity to store, view, or download digitized versions of their personal and business documents at any time and wherever they are
- The digital safe function is extremely useful in emergencies such as loss or theft, where medical or other vital personal documentation is urgently needed
- The customer is able to delegate access rights to a relative, but can also give Mondial Assistance's Medical Service the right in advance to provide emergency medical support

#### Anticipating changing global market conditions: The creation of Allianz Climate Solutions

Allianz set up a new subsidiary in 2007, Allianz Climate Solutions GmbH (ACS). ACS is to guide Allianz in a long-term, market-based approach to climate change and develop new products and identify investment trends relating to climate change for the whole Group.

In parallel to this leadership role, ACS has a multiple function: It is an investment manager, a consultancy on the growing renewable energy and environmental technology markets, and a service provider for carbon dioxide emissions trading.

#### Customer Loyalty at Allianz France

In 2009, Allianz France piloted Fid'Allianz, its customer loyalty program. It was subsequently launched in early 2010. The aim of the program is to foster loyal customer behavior and build on long-term customer-company relationships. There are three different customer loyalty status levels and, according to the status of the customer, they are rewarded by Allianz France in different ways.

Preference customers are entitled to preferential tariffs with Allianz France partners; additionally, Privilege and Prestige customers can choose one advantage each year, based on their particular needs, and also receive advantages which are automatically activated once the customer reaches a certain level.

#### Innovation management:

##### Allianz's global innovation program

Allianz continuously innovates in order to fulfill the evolving expectations and anticipate future requirements of our customers and markets. It is the responsibility of local management to stimulate innovation.

No less than 60 Allianz companies are now actively involved in innovation activities and have officially

appointed local innovation managers. In these companies, all our employees can contribute their ideas on how our company can perform better or innovate more effectively.

More than 140,000 ideas have been put forward since 2006 – and more than 40,000 of these have been implemented. The most innovative ideas are communicated across our Group and are recognized at Allianz's Global Innovation Awards. Here are the winners of the 2010 Awards:

- **Most Innovative Allianz company:**  
Allianz Insurance plc (UK)  
Innovation is strongly led by the top team and is integrated into leadership culture. In 2009, the focus was on breakthrough innovations for key strategic problems and the introduction of a new Innovation process that embeds a culture of innovation at the front line.
- **Best Innovation for Customer Benefit:**  
PIMCO – Allianz Global Investors, with “Real Income Distribution Strategy.”  
This is a retirement-income fund that helps customers minimize their investment risks. At the same time the fund limits the inflation risk presented by longer life expectancies.

## 2.4 Brand management: Responsible brand and marketing management

The Allianz brand personality is based on our core value of being a trusted partner and our brand promise: We give people the opportunity to join, contribute to, and benefit from the strongest and most prosperous financial community – Allianz.

We are committed to being there when it counts – in moments of truth – and to progress with our customers in both life and business, together. Built on strong partnership, quality, mutual trust, and integrity, our personality brings the Allianz brand to life and gives it a human face: We are a competitive, committed, and competent trusted partner for our customers.



### The Allianz brand – a snapshot

- Allianz is active in more than 70 countries, with over 80% of our turnover Allianz-branded
- Allianz has more than 75 million customers
- In 70% of all the markets we monitor, respondents rank Allianz among the top three “most trusted brands.” In 40% of all markets Allianz is the most trusted brand.
- Allianz is ranked among the top 100 most valuable brands. In renowned global brand value rankings (such as Interbrand or Millward Brown) Allianz holds one of the leading positions for insurance companies.

To help us to establish a unique and trusted brand and strengthen the emotional connection with our customers, the Allianz brand strategy consists of three pillars:

- **Brand positioning:** To develop a brand-positioning platform which fits the business strategy
- **Brand building:** To communicate the value proposition to customers and employees to support delivery of our brand promise
- **Brand monitoring:** to continuously monitor brand and communication performance and to identify actions for improvement

Our Brand Value Program Agreement therefore ensures that our Brand Management principles and standards are embedded in the business processes of all major Allianz companies.

#### Communicating the Allianz brand

From new product concept, through marketing campaigns to market delivery, Allianz's entire sales process needs to comply with strict regulations. We are committed to communicating the prices and conditions of our products and services clearly. To make sure that our customers genuinely understand these prices and conditions, we also pre-test our marketing and advertising materials.

We have already run marketing campaigns communicating the social, environmental, and economic aspects of Allianz's business to our customers. Here are two examples:

- The "Attitude" campaign, launched in 2008 and continued through 2009 under selected titles. "Attitude" targets the financial community among a wider audience. In this campaign Allianz raises awareness of the relevance of meaningful knowledge – especially with regard to today's global challenges.
- The "Financial Market" campaign, launched in 2009, is a print campaign communicating Allianz's consumer-oriented dialog approach. "Financial Market" is set against the background of the global financial crisis. It reassures readers that Allianz is a solid and reliable financial partner.

#### Promoting financial transparency for our customers

Levels of private debt and financial uncertainty are rising in almost all of the markets in which Allianz operates. We believe it is more important now than ever to help educate individuals on responsible financial decision-making. Our Group has gained specialist knowledge from over a century of experience in international financial markets. Explaining finance and financial products is at the core of Allianz's daily business: We are convinced it is our fundamental responsibility to pass on the benefits of this knowledge to our customers.

So whether our customers are just starting out in life or are preparing for retirement – the more they know, the better they will be able to make the right financial choices.

Together with our trusted partners at Time Warner and Time Inc., Allianz works to make personal finance more accessible, less complicated and ultimately more beneficial to our customers. To help our customers benefit from this, Allianz has created [www.financefroma-z.com](http://www.financefroma-z.com):

- This website takes a highly consumer-oriented approach, providing practical and invaluable information on financial questions in an easy-to-understand way
- It offers information on personal finance through seven life-stages: education, career, home ownership, marriage, parenthood, estate planning and retirement

Moreover, one of Allianz's corporate volunteering programs is dedicated to financial education. This program, called My Finance Coach, is an independent initiative in cooperation with partners from the business and education sectors, and starts at school age.

#### Guaranteed data security and respect for privacy

Allianz is committed to storing customer data securely. We only collect and share personal data with the customer's prior and explicit consent. On customer request, and to the degree permitted under local law, we will share with a customer the data we hold on file about him or her.

### 3 Suppliers

Compared with other sectors such as manufacturing, the risks associated with the social and environmental impact of Allianz's supply chain are limited. Nonetheless, our Group is committed to the development of supply chain management that meets globally recognized social and environmental standards, along with other targets such as process efficiency.

Allianz's commitment includes the cultivation of long-term relationships with suppliers, based on practices that are fair and honest. Wherever possible we work to

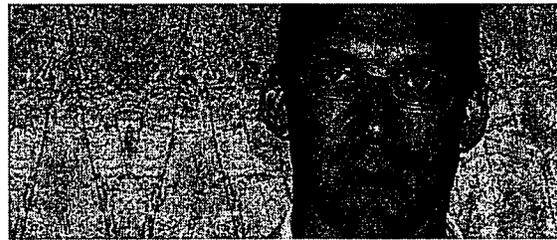
ensure environmental protection and at the same time to reduce our in-house carbon footprint. We constantly strive for a win-win situation in our procurement processes by ensuring that environmental protection goes hand in hand with cost savings. We are also vigilant in minimizing any possible reputational risk to Allianz arising from the conduct of our suppliers.

#### 3.1 Management approach: Purchasing objectives and governance

Responsibility for the development and implementation of Allianz's supply chain standards rests at the Group level. This responsibility is shared between our IT and Non-IT Purchasing departments. We are planning a new platform for Purchasing in 2010 that will determine the definitive, centralized approach. This platform will also provide a framework for cost-efficient shared services across the Group.

The global IT Purchasing unit strives to comply with international standards such as Energy Star for IT products, as well as with global benchmarks for energy and material consumption. Our overriding goal of maximizing efficiencies and sustainability here also includes a reduction in carbon dioxide (CO<sub>2</sub>) emissions for the large Allianz data center. Paired with this goal, our global Non-IT Purchasing unit's objective is to reduce costs – and simultaneously to reduce CO<sub>2</sub> emissions.

Allianz requires its subsidiaries to comply with our Group's Code of Conduct. We also expect full compliance with other policies related to fraud prevention and anti-corruption, as set out in Allianz's Global Non-IT Purchasing Minimum Standard.



**Richard Daniels**  
(Green IT Manager, Allianz Shared Infrastructure Services SE)  
"We want to make a contribution to a Group-wide reduction in CO<sub>2</sub> emissions in Purchasing too. Our new IT Purchasing Policy will help us integrate Green IT more closely in our business processes."

#### Our principles of supply chain management

Allianz strives to achieve long-term, mutually beneficial partnerships with our suppliers based on fair and honest practices. Our approach in this respect is in line with International Labour Organization standards and the principles of the United Nations (UN) Global Compact. In particular, we require our suppliers to respect environmental and social standards in their daily business and to comply with Allianz's minimum Purchasing Principles. These two requirements are part of the Operational Purchasing Policy that Allianz Germany Purchasing plans for implementation by the end of July 2010. Core elements of the Purchasing Principles include:

**Labor**

- Guaranteeing that occupational health and safety standards are met
- Paying fair, livable wages
- Keeping working hours within legal limits
- Giving staff adequate training

**Human Rights**

- Showing zero tolerance of child labor, forced labor, and discrimination
- Allowing freedom of association (unionization) and collective bargaining, in accordance with national legislation

**Environment**

- Minimizing energy consumption, environmental pollution, and the use of natural resources
- Purchasing recycled products

**Governance**

- Showing zero tolerance of any kind of discrimination, corruption, bribery, or fraud

In parallel to our Purchasing Principles, the relevant sections of the Allianz Code of Conduct provide clear guidance on how we expect our employees to interact with suppliers. For instance, our Code of Conduct states that we do not tolerate any kind of discrimination, corruption, bribery, or collusion between purchasing staff and suppliers.

**Supply chain monitoring**

In 2009 Allianz introduced questionnaires into its supplier selection process: our objective was to gather detailed information about suppliers' sustainability performance regarding environmental, social, and governance issues. In any subsequent contract between Allianz and the supplier, a clause will be included concerning the supplier's commitment to Allianz's social and environmental standards. We also require suppliers to keep us informed of any business relationships that may conflict with our Code of Conduct or our Purchasing Principles.

Our supply chain questionnaires on environmental and social issues are applied in both our IT and Non-IT Purchasing business areas. This ensures we follow a comprehensive and integrated approach to selecting suppliers for these areas.

Allianz's supply chain monitoring goes further than our supplier selection procedure. We plan to introduce a Vendor Integrity process by the beginning of 2011 to check suppliers' compliance with our Group's Purchasing Principles. This involves self-assessment on the part of our suppliers and includes questions regarding corruption and bribery. The answers to these questions should also give clear indications of any employee whistle-blowing systems in our suppliers' organizations, or any ongoing in-house investigations.

**Best practices driving purchasing and environmental management**

A major proportion of our CO<sub>2</sub> emissions are caused by use of IT equipment, including at our data centers. In 2008, the Allianz Board set a Group-wide 20% CO<sub>2</sub> emissions reduction target to be achieved by 2012. This decision has triggered significant changes in our IT Purchasing Policy. The existing IT Purchasing Policy is being updated to include Green IT elements in all procurement projects and processes, and will be published in 2010.

On the Non-IT Purchasing front, 2009 saw a significant increase in the proportion of our electricity supply from renewable sources. We increased the share of green electricity 10% points compared to 2008, taking the total proportion to 16%. This was driven by a number of Group Companies who made considerable green electricity share increases, including Allianz Belgium (from 9% to 79%), Allianz Global Corporate & Specialty (from 28% to 54%), and Allianz Netherlands (from 0% to 58%).

## 4 Investment community

Allianz is committed to transparency and accountability in all aspects of our business. Our Group's interaction with investors and analysts is therefore a fundamental element of our stakeholder strategy. Besides communicating regularly with global financial institutions, investors and

analysts, we also supply our performance data to several agencies specializing in socially responsible investment (SRI). Allianz is proud that the high standards we set for all our business activities are being recognized by leading independent rating organizations.

### 4.1 Management approach: Interacting with investors

A key element in our dialog with the global investment community is the provision of detailed information and data on our Group's business performance to financial analysts and investors. In addition, we supply comprehensive performance data to socially responsible investment (SRI) rating agencies. At Allianz, we aim to ensure transparency in all our communications and interactions, and apply this principle not only to our investor dialogs but also to the financial information we release.

#### A succesful team

The Allianz Investor Relations team is the exclusive point of contact for all investors, including sustainability-oriented investors, analysts, and SRI rating agencies. It is supported by other Group experts, such as those from the Allianz Sustainable Development Office.

Analysts and portfolio managers again recognized Allianz's performance in the area of Investor Relations in 2009. Among other commendations, our work was ranked top by Thomson Reuters in the European insurance sector in the prestigious Extel Pan-European Survey. We intend to maintain our position as one of the best teams in the most important Investor Relations rankings. This includes rankings carried out by Institutional Investor, IR Magazine, and the aforementioned Thomson Reuters Extel Survey. To achieve this aim we will continue applying and developing our Investor Relations Excellence Standards. The Investor Relations team's outstanding performance ensures that we give investors exactly the information they require, when they require it, and in the desired format. This provides investors and analysts with the best possible support when evaluating our performance.

#### Communicating with the investment community

Our ongoing exchange with investors and SRI ratings agencies extends beyond merely providing information. It also includes actively engaging in dialog on the specific opportunities and challenges affecting our overall business.

Since Allianz has the required financial background knowledge, we can offer to support agencies in selecting the most relevant ratings indicators and enter into dialog with them to share our knowledge.

Another way in which Allianz communicates with its shareholders is through Investor Roadshows. In 2009 we held almost 400 meetings with investors in Europe, Asia, and the United States. These personal meetings with our Investor Relations team gave many investors the chance for an in-depth dialog. Allianz also supports the investment community's drive to factor in climate risks when making investment decisions by openly providing information pertaining to our activities that impact the climate. For example, Allianz is a founding member and signatory of the Carbon Disclosure Project (CDP), a non-profit organization that holds the world's largest database of primary corporate information relating to climate change.

#### Socially responsible investment funds on the rise

As an international financial services provider, we consider sustainable development to be an integral part of our business and values. This makes our listed stock an attractive investment for those who pursue an SRI approach. As oekom research's Corporate Responsibility (CR) Review 2010 reveals, the number of sustainability funds in Europe has risen significantly in recent years. A study conducted by the French sustainability rating agency Vigeo and quoted in the CR Review reported that 683 sustainability funds with a total investment volume of €55.3 billion were accredited on June 30, 2009. This amounted to an increase, within one year, of 27% in the number of funds and nearly 10% in terms of volume.

This Sustainable Development Report not only exemplifies our commitment to increased transparency but is also part of our response to a steadily growing investment community that is particularly focused on sustainable development performance.

SRI ratings are of special importance to Allianz in this respect and our inclusion in numerous leading indices proves that our responsible approach to business is making a positive impact.

## 4.2 SRI Ratings

Socially responsible investment (SRI) ratings disclose more information on a company's business strategy than mere financial data. They are regarded by today's financial community as a clear sign of what a company is doing with regard to the strategic extra-financial aspects of business.

That is why inclusion in these ratings also means a reduction in the overall risk for investors. Here is a selection of the most important ratings and indices in which Allianz is listed:

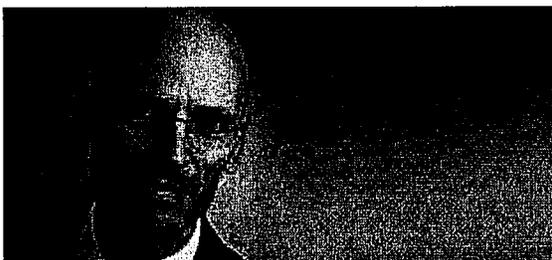
- **Dow Jones Sustainability Indexes**  
Launched in 1999, these are the first global indexes to track the financial performance of leading sustainability-driven companies. Assessments are carried out by the Sustainable Asset Management Group (SAM). Allianz has been included in Dow Jones Sustainability Indexes (DJSI) since 2000. We were the leading insurer in 2006 and 2007 and have maintained top positions ever since. While the average sector performance fell slightly from 50% to 49% in 2009, the increase in our rating by three percentage points to 79% ranks us as one of the most sustainable insurance groups.
- **Financial Times & London Stock Exchange - FTSE4Good**  
FTSE4Good criteria are applied by Ethical Investment Research Services to the FTSE Developed Index Series to measure the performance of companies that meet globally recognized corporate responsibility standards. The aim of FTSE4Good's co-founders, the Financial Times and the London Stock Exchange, is to facilitate investment in companies with responsible business practices. These criteria are continually being evolved

and enhanced to reflect the developing insights in the field of corporate responsibility. Allianz has been included in both the European 50 and Global 100 indices of FTSE4Good since 2001, which makes Allianz one of the longest-standing FTSE4Good companies.

- **oekom research**  
oekom research, which was founded in 1993, is an independent rating agency focusing on SRI. 2001 was the first time Allianz was rated by oekom and, in 2009, the German-based rating agency upgraded Allianz's Corporate Responsibility rating to an overall score of C+ (with high scores, A- and B+, for "Environmental Management" and "Corporate Governance and Business Ethics" respectively). This "prime" rating signifies Allianz as suitable for responsible investment, making us the best-ranked insurer in our industry sector. oekom classifies a company as "prime," if it ranks among the world's best companies within the same industry and fulfills the sector-specific minimum requirements, as defined by oekom research (best in class).

During the past year, we also received inquiries from other rating agencies such as Vigeo (inclusion into the Advanced Sustainable Performance Index [ASPI], comprising 120 European companies, since 2004).

SRI is also becoming increasingly attractive to mainstream investors: in 2009, for example, we were ranked the Top Adjustment Leader in the insurance industry by a Goldman Sachs Climate Change Research survey on the climate change strategies and actions of some 800 companies.



Oliver Schmidt  
(Head of Investor Relations)

"Sustainable development is becoming an increasingly important competitive factor for us. We are pleased to have achieved above-average performance in this area in 2009 as well as inclusion in leading ratings and indices."

### 4.3 Awards: Winning widespread recognition

Allianz companies around the world are winning widespread recognition for their products and

performance. A brief selection of the awards we received in 2009 is listed below.

	Name of Award	Awarded by	Description
Allianz Group	Best European Primary Insurance Company	Reactions Global Awards 2009	Highlights top-class performance and innovation within the global insurance industry.
	Best Insurer for Innovation, Central & Eastern Europe	Euromoney Awards 2009	Since 1992, Euromoney, the world's leading financial markets magazine, has singled out outstanding institutions in finance.
	Best Consultant for Insurance Risk Transfer, Asia	Euromoney Awards 2009	Since 1992, Euromoney, the world's leading financial markets magazine, has singled out outstanding institutions in finance.
	Recognized as one of the Most Sustainable Insurance Companies in the World	The Sustainability Yearbook 2009  Published by Sustainable Asset Management, a Dow Jones Sustainability Index rating company & PricewaterhouseCoopers	Each year the 2,500 largest companies are evaluated. Only the top-scoring 15% from the 57 sectors assessed are included in the Sustainability Yearbook.

	Name of Award	Awarded by	Description
Allianz Bulgaria	Favorite brand of the Bulgarian users for 2009 in the category "Insurance companies"	MyLove Marks, BG Business Review magazine	The major objective of this online competition is to determine the most preferred brands in the country.
Allianz China Life	One of China's Most Generous Financial Corporations	The China Association of Social Workers	Awarded to companies exemplifying outstanding social commitment.  Particularly commended for its earthquake relief efforts in 2008.
Allianz Germany	International Sponsoring Award 2010	"Fachverband für Sponsoring," FASPO (German Association for Sponsorship)	This award by the FASPO is in recognition of the year's best sponsorship project in 2009.
Allianz Global Investors	Gold Medal Category: Best New Editorial Project	Pearl Awards 2009	Honoring the best in design, editorial, and strategic initiatives for business-to-business and consumer publications.
	Leading Fund Management Firm for SRI  RCM Sustainability Research Team	Thomson Reuters Extel/EKSIF SRI & Sustainability 2009 Survey	The survey represents the views of over 300 investment professionals from 19 countries, making it the most extensive assessment of SRI in the European investment community.
	Product of the Month Allianz RCM Global EcoTrends Fund	What Investment: April 2009	What Investment is a UK business and investment magazine.
Allianz Hungary	Most Trusted Brand 2009  Category: Insurance Company	Reader's Digest	Reader's Digest Trusted Brands is an annual consumer survey involving over 23,000 people in 16 European countries.

	Name of Award	Awarded by	Description
Allianz Ireland	Excellence Through People Award	Foras Aisenna Saothair (Ireland's national training and employment authority)	Excellence Through People provides a recognized framework for organizations to enhance performance and realize strategies through the management and development of their people.
Allianz Life Indonesia	First Place The Best Life Islamic Insurance	Karim Business Consulting Award	Karim Business Consulting is the largest Sharia business consulting firm. It was established in August 2001 and has positioned itself as a world-leading Sharia Compliance Consulting firm.
Allianz UK	Corporate Sustainability Award 2009	Insurance Times Awards 2009	This Award honors the best Corporate Social Responsibility project of the Year. "I Love My Planet" – a campaign designed to reduce Allianz's environmental impact.
Allianz Worldwide Care	Best International Private Health Group	International Investment, Fund and Product Awards 2009	The awards scheme, which is administered by International Investment, includes a judging panel of leading figures from the investment and off-shore financial industry.

**Allianz UK's "I Love My Planet" project wins Insurance Times Corporate Sustainability Award 2009**

Allianz UK was awarded the Corporate Sustainability Award at the Insurance Times Awards 2009. The company-wide project to reduce its environmental impact was judged ahead of the other finalists – DAS Legal Expenses, HSBC Insurance, Rok Insurance Services, and RSA Group.

Acting on employee feedback, Allianz UK launched a major program for Corporate Social Responsibility in 2006 – taking a holistic approach to managing its main environmental-impact drivers, namely energy, business travel and waste. It gained momentum in

2008 with a series of environmental initiatives built on a network of Environmental Champions as well as on partnerships with Global Action Plan and the Carbon Trust. Allianz implemented a range of measures to reduce its environmental impact, including:

- Purchasing sustainably generated electricity for all Allianz UK's company-owned facilities
- Making greater use of video and telephone conferencing systems to reduce business travel
- Introducing recycling bins for plastic cups, paper, and cans at all Allianz UK's offices

## 5 Ecology

There has been a dramatic rise in global awareness of climate change and the need to reduce carbon dioxide (CO<sub>2</sub>) emissions. As an office-based financial services company, Allianz has a relatively low carbon footprint compared to other industries. Nonetheless we are acutely aware of our responsibilities towards the environment and society. In view of the disappointing outcome of the Copenhagen Climate Change Conference in 2009, private

companies will have to take a more active role in tackling climate change, and Allianz is committed to playing a leading role in this process. We have therefore established an internal Environmental Management System (EMS) and have resolved to reduce our own carbon emissions by 20% by 2012 compared to 2006 and at the same time to monitor and reduce our use of natural resources.

### 5.1 Management approach

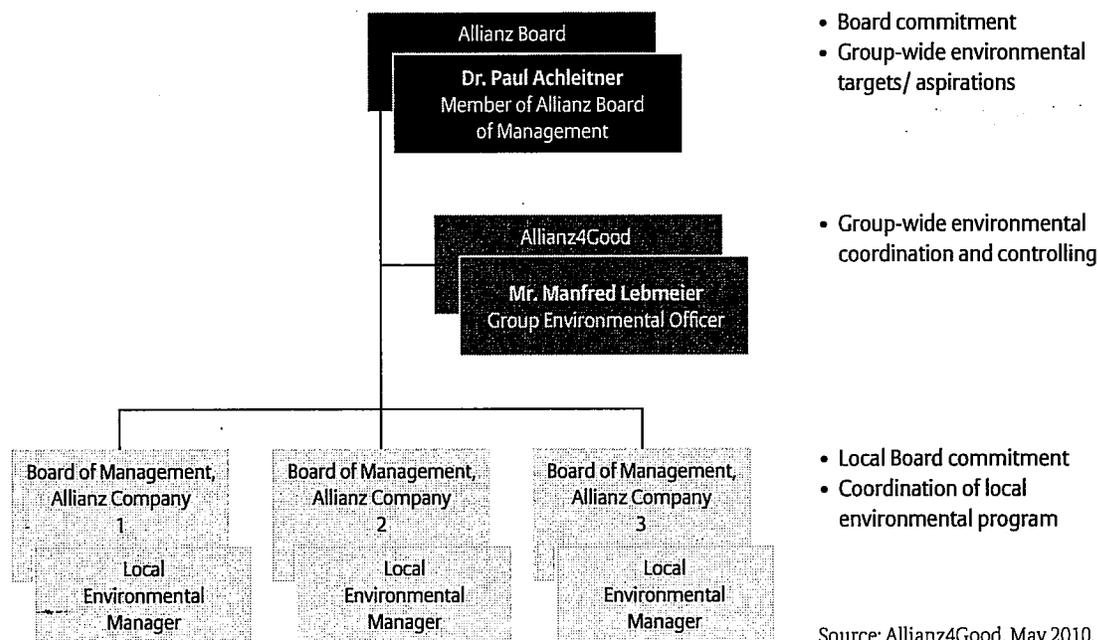
As part of our commitment to reducing our environmental footprint and in line with the requirements of our Code of Conduct related to environmental protection, Allianz has introduced an Environmental Management System (EMS) to assist in the gathering and controlling of environmental data.

- Energy consumption
- Business travel
- Paper consumption
- Waste production
- Water consumption

The Allianz EMS is an important management tool that brings us in line with the international standard for environmental management ISO 14001 as well as the European Eco-Management and Audit Scheme (EMAS) and enables us to monitor and control our five major areas of environmental concern:

The Allianz EMS currently covers 81% of Allianz's global employee base, compared to 76% in 2008. The system now covers a total of 37 companies within the whole Group.

Allianz Environmental Management System Governance Structure



- Board commitment
- Group-wide environmental targets/ aspirations
- Group-wide environmental coordination and controlling
- Local Board commitment
- Coordination of local environmental program

Source: Allianz4Good, May 2010.

Board-level responsibility for environmental management within Allianz rests with Paul Achleitner, with operational responsibility for the Allianz Environmental Management System delegated to the Group Environmental Officer, a post newly created in January 2010. In addition to managing the data collection and monitoring processes as part of the Group EMS, the Group Environmental Officer is tasked with further developing the Group's carbon reduction strategy and steering the carbon reduction activities of Allianz Group companies.

The development and implementation of environmental programs at individual Group companies are the responsibility of the local Board of Management, coordinated by local Environmental Managers. Regular training and knowledge sharing between the Group Environmental Officer and the local Environmental Managers ensure that local entities are up-to-date on the latest environmental management best practices.

#### The carbon reduction concept

Our carbon dioxide target is a 20% reduction in our greenhouse-gas emissions by 2012, based on 2006 levels. We focus our carbon reduction strategy on the following three levers:

1. Substitution of fossil-fuel energy with alternatives from renewable sources
2. Avoidance of emissions through increased use of communications technologies (for instance, video-conferencing) to avoid unnecessary travel
3. Reduction of emissions caused through the consumption of energy, paper, and water (for example, through the use of power-saving alternatives such as low-energy lighting).

Allianz is dedicated to maintaining the highest standards in environmental management, and we are continually searching for ways to improve internal processes. One of our goals for 2010 is to further align our environmental data collection and controlling processes with the well-established procedures for financial reporting.

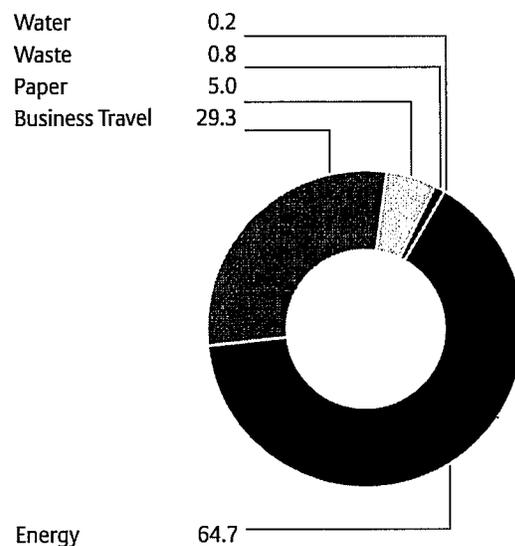
## 5.2 Environmental footprint

Allianz endeavors to keep the environmental footprint of our business activities as low as possible. We monitor our environmental impact and calculate our carbon dioxide (CO<sub>2</sub>) emissions from the following indicators.

- Energy consumption
- Business travel
- Paper use
- Waste
- Water consumption

Our objective is to significantly reduce our consumption of natural resources. The wide range of measures we implemented successfully lowered our environmental footprint in 2009. As the chart shows, 64.7% of CO<sub>2</sub> emissions were due to energy consumption, 29.3% to business travel, 5.0% to paper use, 0.8% to waste, and 0.2% to water.

Allocation of CO<sub>2</sub> emissions in 2009 (in percent)



Source: Allianz Group Environmental Balance Sheet 2009.

### Energy consumption

Allianz uses energy to power IT hardware, lighting and other electrical appliances, as well as for heating and cooling offices. In 2009 we saved 37,214 Gigajoules (GJ) – the equivalent of about 6,000 barrels of oil – through generating our own energy from solar power. Since 1998, solar power has saved us a total of 970,000 GJ, or enough to power more than 30,000 households for an entire year. In addition, by capturing waste heat from our IT hardware we saved 36,634 GJ in 2009 and 414,210 GJ since 1998 – enough to supply more than a million households for a year. In 2009 our electricity consumption per employee was 1.7% lower than in 2008, an improvement largely due

to the reorganization of our server infrastructure, the use of more energy-efficient IT equipment, and improvements in building technology, such as building control systems or refurbishment at various sites. In addition, various Allianz companies purchase electricity that is partly generated from renewable sources. The share of renewable energies in our total energy consumption rose from 13% to 16% in 2009.

This year, Allianz has introduced a Group-wide Green IT Purchasing policy as a further measure to reduce energy consumption.

### Green IT Purchasing

Our global target is a 20% reduction in CO<sub>2</sub> emissions between 2006 and 2012. As IT Purchasing decisions affect energy, paper, and travel usage, we need these targets to be firmly incorporated into IT Purchasing policies, projects, and processes. In April 2008 Allianz implemented its Procurement Policy for Allianz Global Purchasing, highlighting three areas for CO<sub>2</sub> reductions in IT Purchasing: energy, travel, and paper. The Energy Star of the European Union (EU) and the

Electronic Product Environmental Assessment Tool (EPEAT) lay down international standards for both energy and materials, have been approved by the U.S. and European governments, and apply for example to desktop equipment, including laptops, monitors, and PCs. Put in everyday terms, a reduction in energy consumption of 50 watts per employee eliminates 4,128 metric tons of CO<sub>2</sub> emissions per year.

Energy consumption	2009	2008	2007
Overall energy consumption (GJ)	3,724,624	3,824,832	3,902,878
Electricity (%)	63.8	64.0	64.3
Fossil fuels (%)	24.2	24.8	25.1
Distance heating (%)	11.0	10.1	9.6
Internal waste heat (%)	0.8	0.8	0.8
Renewable energies (%)	0.2	0.2	0.2
Energy consumption per employee (MJ)	24,312	24,645	25,594

Source: Allianz Environmental Balance Sheet 2009

### Business travel

In 2009 the Allianz Group reduced the overall distance its employees traveled on business trips by 6.2%. Air travel fell by 15.6%, while rail travel rose by 27.8%. These successes are the result of local initiatives gathered by our Munich Head Office and combined into a comprehensive Travel Policy, which has been in place since the beginning of 2010. Some Allianz companies provide incentives for employees to use alternative means of transport, for example seat upgrades for train travel. Beyond the usual scope of our carbon-footprint calculations, we work in partnership with DHL to offset 4,000 metric tons of CO<sub>2</sub> by making our physical mail system carbon-neutral. This represents a saving of almost 1.9 million liters of gasoline, the

equivalent of driving about 39 million kilometers, or 1,000 times around the Earth, in a typical hybrid car. Additionally, we are currently implementing a highly sophisticated global videoconferencing system that will enable us to reduce business travel on our most frequent routes by approximately 25%.

In some Allianz subsidiaries company-owned fleet vehicles have been running on a climate-neutral basis since 2008. Many of our companies, such as Allianz Belgium, have also implemented measures to reduce CO<sub>2</sub> emissions caused by business travel that go beyond our travel guidelines.

#### Allianz Group: Compensation for company vehicles

Since February 2008, all 344 company-owned vehicles in Germany have been CO<sub>2</sub>-neutral. This has been achieved by neutralizing 1,189 metric tons of CO<sub>2</sub> emissions a year through our investment in the Turkish wind farm Yunttag, which is currently Turkey's second-largest wind farm with a total of 17 wind turbines. The emissions thus saved are equivalent to the CO<sub>2</sub> emitted by a typical hybrid car driving almost 350 times around the world. At the end of February 2009, Allianz received an award for its commitment from First Climate (Germany) GmbH, one of the world's leading emissions-trading companies.

#### Allianz Belgium:

##### EcoDriving training for the field sales force

As well as implementing the Group's Travel Policy and increasing the use of conference calls and web-conferences, Allianz Belgium improved the management of business travel by its field sales force. In 2009 around 60 employees took part in EcoDriving courses where they learned how to reduce a vehicle's fuel consumption. Allianz Belgium also intensified the management of its vehicle fleet, which currently includes automobiles emitting up to 160 grams per kilometer (g/km) of CO<sub>2</sub>. By 2012 the company is planning only to use vehicles emitting less than 140 g/km. 42 of the 211 fleet vehicles were replaced with new ones in 2009, meaning that 65 vehicles are now emitting less than 140 g/km. An impressive 13,000 liters of fuel were saved over some 2.5 million kilometers driven – a reduction of around 0.5 liters per 100 kilometers.

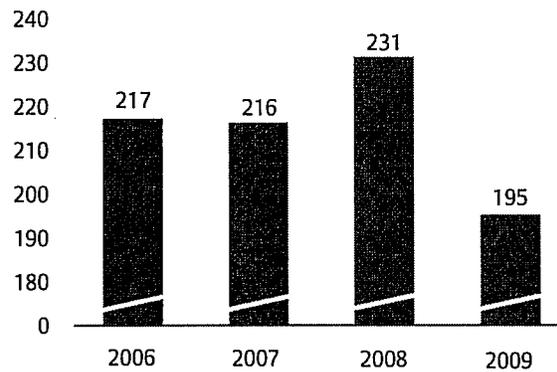
Business travel	2009	2008	2007
Total (km)	947,646,901	1,023,346,173	1,007,907,669
Road (%)	57.5	55.7	54.7
Air (%)	34.6	38.5	39.0
Rail (%)	7.9	5.8	6.3

Source: Allianz Environmental Balance Sheet 2009

### Paper consumption

In 2009 we purchased 29,902 metric tons of paper, or 195 kilograms (kg) per employee. This represents a 16% reduction in the Group's overall paper consumption. In particular, consumption of chlorine-bleached paper fell by 70%. We made a significant reduction in our use of chlorine-bleached paper by raising the awareness of our Purchasing functions. In 2009 we consumed 2,892 metric tons of recycled paper and 24,095 metric tons of Elementary/Totally Chlorine-Free (ECF/TCF) paper. 8,871 metric tons, or 30% of our overall paper consumption, comes from sustainable forestry with a Forest Stewardship Council (FSC) label. The successful reduction of our paper consumption is a result of local initiatives gathered and structured by our Head Office into a Print Policy. Various local companies, for example in Belgium and Ireland, launched pilot projects in 2009 and, as of January 2010, double-sided printing is mandatory in the Allianz Group. These actions, along with additional initiatives to replace paper files by digital ones, for example, resulted in a 17% reduction in paper consumption at Allianz Australia from 2008 to 2009. An example of a different approach to paper-efficiency, Allianz Indonesia has used thinner paper since 2009 – a simple but effective measure.

Paper consumption per employee (in kilograms)

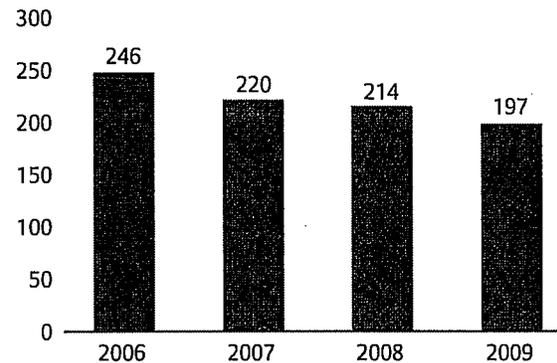


Source: Allianz Group Environmental Balance Sheet 2009

### Waste

Allianz focuses on the overall quantities of waste as well as on the proportion we recycle. In 2009 we produced 30,246 metric tons of waste, which weighs as much as 84 fully-laden Boeing 747s. Of this, 56.1% was recycled, 22.0% thermally treated, 21.6% disposed of in landfills and 0.3% treated as special waste. In 2009 our Group companies once again made a significant contribution to reducing the Allianz Group's environmental footprint. For instance, Mondial Assistance France implemented a plastic, aluminum, and cardboard-recycling program and Mondial Assistance Brazil conducted several information campaigns to raise employees' awareness of environmental issues. For example, staff was supplied with a reusable bottle, which led to a significant reduction in the use of disposable plastic cups.

Waste per employee (in kilograms)

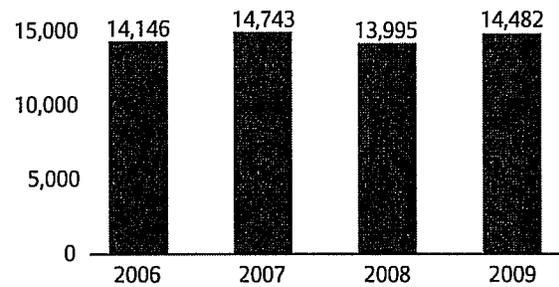


Source: Allianz Group Environmental Balance Sheet 2009

### Water consumption

In 2009 we used 2,218,670 cubic meters of water – enough to fill 900 Olympic-size pools – or 14,482 liters per employee. 0.5% of this was rainwater, 9.8% spring water, and 89.7% drinking water. Our water consumption actually rose by 3% from 2008 to 2009, but this was due to temporary factors such as the swine flu epidemic when employees were encouraged to wash their hands more often. To save valuable drinking water, we also made more use of groundwater in cooling our data centers. Significant reductions in the use of drinking water were achieved by Allianz Suisse and Allianz Global Investors Germany as a result of their renovation measures.

Water consumption per employee (in liters)



Source: Allianz Group Environmental Balance Sheet 2009

### 5.3 Decreasing CO<sub>2</sub>

Our target is to emit 20% less carbon dioxide (CO<sub>2</sub>) in 2012 than in 2006. We are already well on our way with a 14.9% reduction achieved by the end of 2009. In line with the Greenhouse Gas (GHG) Protocol we have developed methods to measure and analyze our CO<sub>2</sub> emissions.

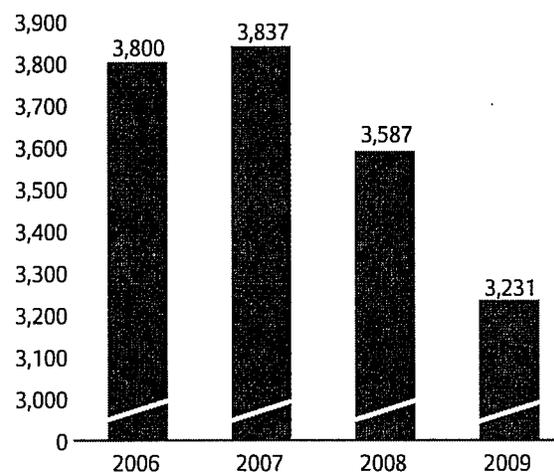
The GHG Protocol defines three different scopes:

- Scope 1: Direct CO<sub>2</sub> emissions from burning fossil fuels
- Scope 2: Indirect emissions caused by distance heating and electricity consumption
- Scope 3: Indirect GHG emissions caused by water and paper consumption, as well as by waste and business travel

#### Emissions management scorecard

Since 2009 we have been gathering data on our Group-wide emissions in a standardized process that includes all Allianz companies with more than 400 employees. As demanded by the Allianz CO<sub>2</sub> Reduction Program, we have developed a scorecard to help us gather CO<sub>2</sub>-related data. The scorecard visualizes the development of our CO<sub>2</sub> emissions. Data analysis allows us to identify areas where more intensive efforts are required and enables us to estimate potential emissions-reduction areas in years to come. Moreover, we are continually optimizing this CO<sub>2</sub> emissions management process.

CO<sub>2</sub> emission per employee (in kilograms)



Source: Allianz Group Environmental Balance Sheet 2009

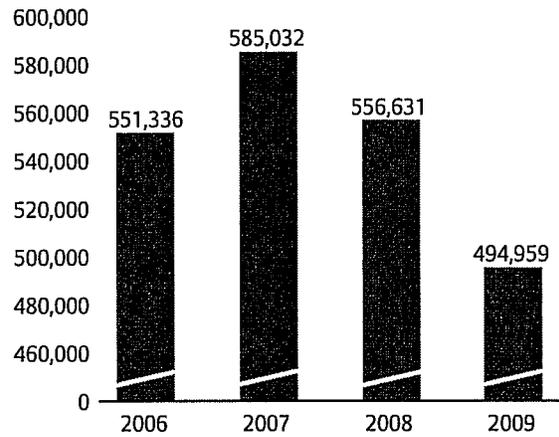
**Clear progress**

Our 15% reduction in CO<sub>2</sub> emissions per employee since 2006 shows that we are on the right track towards achieving our 20% target by 2012. Since 99% of our emissions come from energy, travel, and paper, the focus of our carbon-reduction strategy is on these three areas. The remaining 1% originates from water and waste. The data clearly show that we are already making good progress towards our CO<sub>2</sub> reduction target – mainly thanks to cutting down on electricity consumption and business travel, and the increased use of renewable energy. Of our total CO<sub>2</sub> emissions in 2009 – 494,958,644 kg – 10.7% were direct emissions from burning fossil fuels in heating appliances and emergency generators on site (Scope 1); 51.8% were indirect emissions from fuel burned to generate the electricity and district heating we purchased (Scope 2); and the remaining 37.5% were caused by travel, waste, paper, and water consumption (Scope 3).

Since 2006, we have achieved a 1.6% reduction in our direct Scope 1 GHG emissions by improving the energy efficiency of Allianz buildings and switching to renewable energy sources, such as electricity generated by hydropower.

Indirect Scope 3 emissions were reduced by cutting down on business travel and paper consumption, by switching from air to rail travel, and by changing over to recycled paper.

Total CO<sub>2</sub> emissions (in metric kilotons)



Source: Allianz Group Environmental Balance Sheet 2009

Greenhouse gas emissions	2009	2008	2007
Scope 1: Direct GHG emissions (metric tons)	53,205	53,900	55,604
Scope 2: Indirect GHG emissions (metric tons)	256,347	282,345	313,002
Scope 3: Other indirect GHG emissions (metric tons)	185,407	220,386	216,427

Source: Allianz Group Environmental Balance Sheet 2009

Greenhouse gas emissions	2009	2008	2007	2006
Energy (metric tons)	2,091	2,240	2,494	2,469
Travel (metric tons)	948	1,086	1,095	1,083
Paper (metric tons)	162	225	209	208
Water (metric tons)	5	5	5	5
Waste (metric tons)	25	31	32	35
Total (metric tons)	494,959	556,631	585,032	551,336
Per employee (kg)	3,231	3,587	3,837	3,800

Source: Allianz Group Environmental Balance Sheet 2009

## 6 Community

As a global financial services provider operating in more than 70 countries worldwide, Allianz strives to build up trust in each of these societies by sharing its knowledge and expertise. This trust-building approach is the cornerstone of our social engagement, in which Allianz applies its expertise to the long-term benefit of each society. We take a structured approach to social

engagement and focus on the countries we operate in. Furthermore, we call on our staff, agents and business partners to personally engage for the common good. We take today's challenges as opportunities for action through our local activities, global projects and the work of our Corporate Foundations.

### 6.1 Management approach: Focusing on a structured approach

By focusing on aligning Corporate Citizenship with our long-term business strategies, we continually work to make our engagement for society more focused and more effective. At Group level we provide a framework for Corporate Citizenship management which defines the scope for local management.

This gives local Corporate Citizenship managers the essential freedom they need to harmonize their social engagement with local needs. Corporate Citizenship at Allianz represents an increasingly wide and diverse range of related activities that include:

- Corporate Giving
- Corporate Volunteering
- Strategic partnerships with social/non-governmental organizations
- Foundations

#### The role of Allianz4Good

In February 2008, Allianz laid the foundations for a stronger strategic focus of the Group's social engagement by setting up Allianz4Good, a department that promotes and coordinates our Group's social engagement and sustainable development. Allianz4Good works to create a culture in which we can manage social, environmental and economical challenges as opportunities to ensure the company's sustainable success. It aims to achieve this through the following means.

- Developing clear guidelines and effective tools
- Exchanging examples of best practices across the Group
- Developing and implementing formats for global projects relating to community engagement

#### Guidelines and tools

In 2009, Allianz4Good started to develop guidelines and tools to support its subsidiaries in implementing a strategic approach to Corporate Citizenship. These include the Allianz4Good Principles for Social Engagement and the Allianz4Good Scorecard. The Allianz4Good Principles for Social Engagement define the strategic approach to social engagement in the Allianz Group. They recognize that it is not enough to merely acknowledge our corporate responsibility to society through short-term social actions; it is essential to take a strategic, long-term perspective. Four principles form a framework for our social initiatives:

- Alignment with the long-term Allianz Group strategy
- Alignment with local business objectives
- Measurement and accountability
- Transparency

These principles assist us in implementing objective criteria for local decision-making on proposed Corporate Citizenship projects, identifying outstanding social initiatives in the Group, and promoting the exchange of expertise to further develop our global social engagement activities.

The Allianz4Good Scorecard, which was developed in cooperation with independent experts and piloted in 2009, is an analytical tool that enables us to measure the benefit of our social engagement projects and their alignment with our business objectives. It is also a highly suitable basis for a uniform and structured observation of social organizations with whom we are already cooperating or considering such a move. Its modularly designed concept means it can be applied to the broad spectrum of our Corporate Citizenship activities, and its standardized framework allows us to measure the specific output and impact indicators for all our different activities. We plan to roll it out globally over the course of 2010.

#### Exchanging best practices

In similar fashion, Allianz4Good supports the exchange of best practices within our Group. This ensures our Corporate Citizenship experts from around the world can share valuable insights and expertise that contribute to achieving excellence in our Group-wide engagement for society. In 2009 we launched our Allianz4Good Portal to facilitate and leverage this global exchange. The Portal offers a rich variety of information, tools, and resources for Corporate Citizenship management and other related domains, and is accessible to our entire workforce through our global intranet.

#### Formats for global projects

A further focus of Allianz4Good involves developing and implementing formats for global social engagement projects. By creating integrated formats involving knowledge-sharing, Corporate Volunteering and Corporate Giving, we are strengthening our Group's commitment to social engagement.

#### A living strategy

In order to promote Group-wide excellence in social engagement, we have launched the Allianz4Good – Recognizing Social Excellence Program, which works to ensure that social engagement is practiced in our daily business at Allianz.

## 6.2 Corporate citizenship culture: Establishing a corporate citizenship culture

To foster a culture of social engagement in the Allianz Group, we launched the Allianz4Good – Recognizing Social Excellence Program in early 2009. This program offers high-profile recognition to Allianz social initiatives that successfully implement the Allianz4Good Principles for Social Engagement. Group companies that have been particularly successful at managing social engagement initiatives aligned with our business strategy are also awarded the Allianz4Good Seal.

This award reflects their proven commitment to our Group's highest standards for social engagement and distinguishes them globally as an example for all other Group companies of how to enhance the benefit delivered by Allianz social initiatives worldwide. Moreover, the Seal enables benchmarking against other Group companies that are implementing our Allianz4Good Principles for Social Engagement.

### Where we stand

As of year-end 2009 we have recognized four social initiatives:

- **Dialogue in the Dark**  
(Allianz Global Investors, Germany/Munich)  
Allianz Global Investors has established a unique training facility in Munich dedicated to professional human resource development. At the Dialogue Training Center, workshops are undertaken in complete darkness. Participants have to rely on visually impaired colleagues who guide them in an unusual process that fosters authenticity, empathy, and openness.
- **Heritage Program**  
(Fireman's Fund Insurance Company, United States/Novato)  
The Heritage Program awards much-needed grants for life-saving equipment, training and community education programs to local fire departments. Firefighters have already credited these grants with helping save lives and property. The fund has so far awarded US \$21 million to over 1,100 fire departments across all 50 U.S. states – and has significantly enhanced Allianz's reputation.
- **My Finance Coach**  
(Allianz SE, Germany/Munich)  
The program focuses on our financial literacy initiative for teenagers. Allianz employees provide young people with guidance on essential financial concepts to increase their awareness and understanding of such matters. This program is an independent, voluntary initiative that involves no branding or marketing activities of any kind. My Finance Coach self represents an important step in improving the strategic focus and impact of our Group's Corporate Citizenship activities.
- **Allianz Management Institute Education Fund**  
(Allianz SE, Germany/Munich)  
The Fund is an initiative that supports entrepreneurial projects with system-changing solutions for the world's most urgent social problems in the education field. Donations to the Fund are invested in the Network for Teaching Entrepreneurship, an international non-profit organization that helps inspire young people to transform their lives through developing entrepreneurial attitudes and behavior. The Fund focuses on applying its resources in line with Allianz's goal of helping build a socially and financially sustainable society.

### 6.3 Lighthouse projects: Strengthening the Group-wide commitment

Allianz has created integrated formats for exemplary lighthouse projects that comprise the key components of knowledge-sharing: Corporate Volunteering and Corporate Giving. Thus, we are strengthening our Group-wide commitment to seeing societal challenges as opportunities for the future.

We rolled out two Corporate Citizenship projects in 2009 to provide additional focus for our community engagement: My Finance Coach and Social OPEX.

#### My Finance Coach



Financial service providers have suffered a loss of public trust and credibility in the wake of the financial crisis. Regaining this trust is very important to Allianz. We recognize that one step toward achieving this is to promote a deeper understanding of financial matters as an increasingly important precondition for financial self-responsibility. My Finance Coach, an independent initiative driven by Allianz

Financial service providers have suffered a loss of public trust and credibility in the wake of the financial crisis. Regaining this trust is very important to Allianz. We recognize that one step toward

volunteers and external partners, aims to foster financial literacy among 11- to 15-year-olds, familiarize them with money issues, and help them make educated financial decisions. Allianz volunteers present learning modules in two-hour classes, either on their own or in close cooperation with teachers. No branding or marketing activities are involved. We also established an independent Advisory Board to ensure the quality of the content and the method of delivery. The Advisory Board, which is comprised of five high-ranking representatives from academia, schools, teachers' unions, and the media, is in every respect independent of our company's strategic interests.

In 2009, Allianz launched a pilot My Finance Coach program in Munich. The feedback from participants has been positive. Our next target was to secure the participation of 300 employees in Germany during 2010 – and we reached that target by May. We are now planning to roll out the project across Germany in 2011, with other countries to follow. Our ultimate goal is to communicate the message of financial self-responsibility to inspire at least 50,000 young people.



Paul Achleitner  
(Member of the Allianz Board of Management)

“What could be more natural than to support society with our core competence, our financial know-how? Through our lighthouse projects, we seek to contribute to the future success of our society. In this way we are also strengthening our own sustainability through actively involving our employees and sensitizing them to act responsibly.”

## Social OPEX



Social initiatives drive change, but entrepreneurs often lack the business know-how to maximize the effectiveness of their organization's

social engagement. In line with our Group's corporate volunteering activities, our approach is to share our knowledge of quality management (Operational Excellence, OPEX), productivity enhancement, and other skills with socially committed organizations.

Implementation of Social OPEX started with a pilot project in 2009, which we aim to expand gradually over the course of 2010. In Germany in May and September 2010 we aim to train ten to twelve participants, including five or six social entrepreneurs, with the active support of Allianz employees and social entrepreneurs from across the world.

So far, we've received enthusiastic feedback on the pilot project from various stakeholders and intend to firmly embed it in the Allianz Group with training courses planned in selected locations.

## 6.4 Disaster response: Responding to disasters around the world

Our disaster response programs are generally a combined effort between Allianz companies and their employees. While employee donations are generally used for immediate aid, donations made by Allianz are directed towards longer-term recovery assistance and problem-solving.

### Ongoing efforts around the world

In 2009, Allianz continued to support disaster relief efforts around the world.

Allianz employees, agents, and business partners from Indonesia, Taiwan, and Germany showed their support for the victims of the severe earthquake off the coast of West Sumatra, which struck on September 30, 2009, measured 7.6 on the Richter scale, and killed over 1,100 people. Our employees helped the victims by making cash donations that were matched by donations from Allianz Life

Indonesia, Allianz Utama (P&C) Indonesia, Allianz SE Insurance Management Asia Pacific (Singapore) and the Allianz headquarters in Germany. The total sum raised was used to rebuild a severely damaged school in one of the worst affected areas in Padang, West Sumatra. Additional funds were provided by the Allianz Direct Help Foundation to establish in-school programs on disaster risk reduction.

Just a few months later, Allianz companies around the world generously supported emergency aid efforts for Haiti. The Caribbean country was hit by a 7.0-magnitude earthquake on January 12, 2010 and suffered over 220,000 deaths and 310,000 injuries. Funds were primarily directed to the Red Cross and Red Crescent Societies as well as to CARE International in order to support their immediate aid and long-term reconstruction efforts. Allianz companies have worked closely with both organizations for some time, including in relief efforts for past emergencies.

### From reaction to prevention

Based on our experience of past disaster response work, we decided to start looking at prevention more than reaction. Our goal for 2010 is to develop an approach for supporting disaster response activities in a structured way. This approach will include immediate aid delivery plans as well as longer-term risk mitigation measures.

## 7 Government relations

Regulatory environments largely determine the efficiency of financial markets. Allianz maintains a constant dialog with regulatory and political bodies to ensure our Group adapts rapidly to future regulatory changes. In this we share our expertise with decision-makers and gain the knowledge we require to adjust.

### Group Government Relations and Public Policy – Our specialist department

Our Group Government Relations and Public Policy department (GPP) provides the Allianz Group the expertise it needs to manage dialogs on sociopolitical issues. This department coordinates our political activities and is based in Munich with representative offices actively involved in Beijing, Berlin, Brussels, Rome and Washington.

GPP's major objectives and duties include networking with political organizations and representing our interests at all political levels. The department analyzes the political environment and provides an early warning of potential regulatory or political issues. These include Financial Supervisory Architecture and capital requirements as established by the European Commission's Solvency II framework. GPP also monitors tax issues, regulatory reporting requirements and regulatory dialog between the European Union and other world regions. Besides this, GPP's work contributes towards societal development by considering how the Allianz business should best respond to social concerns.

### The Allianz Lobbying Code of Conduct

To ensure integrity, GPP follows a strict set of values that are also reflected in our Code of Conduct for Government Relations and Public Policy (Lobbying Code of Conduct):

- We adhere to strict legal standards
- Our operations are honest and transparent
- We serve all stakeholders equally
- We uphold Allianz's Corporate Responsibility and ethical standards

Our Lobbying Code of Conduct is the minimum standard of conduct for all employees regarding our Group's interaction with political organizations. The Code ensures we perform these activities with absolute integrity. This includes our approach to donations to political parties.

### Giving to political parties

Donations to political parties from Allianz companies are subject to specific rules established by national

legislation. These rules differ from country to country. In Germany, for instance, we have a specific policy:

#### The Allianz Policy for Contributions to Political Parties in Germany

“As a Corporate Citizen of significant size and being headquartered in Germany, Allianz is committed to its vibrant democracy which for over 60 years has brought prosperity, freedom and justice to the German people. Allianz has therefore contributed throughout the years to political parties with representation as parliamentary groups within the Deutscher Bundestag which support the social market economy and which acknowledge the important role that both labor and industry have played in the creation of the modern German state. Our contributions are directed at political parties which represent a variety of views within the German political spectrum. This includes the Greens (Bündnis 90 / Die Grünen), Christian Democrats

(CDU), Christian Social Union (CSU), Liberals (FDP) and Social Democrats (SPD) each of whom receives an equal amount of €50,001 annually. The amount is specifically chosen so as to require that it be published in the official publication of the German Parliament thus assuring complete transparency. In addition, the junior organizations of these parties receive a further €10,000 each. Some parties consolidate these amounts and report a sum of €60,001. All contributions are collectively effective to July 1st so as to ensure that they are in no manner connected or perceived to be connected to any legislative initiatives or elections. Allianz companies in other countries follow local legal requirements and conventions.”

### Our activities in 2009 and for the future

In 2009 Allianz worked actively with national, European and global political associations. We also held high-level discussions with international politicians within the framework of the Allianz Political Forum. The Forum addresses Allianz's top managers at our headquarters and focuses on a range of topics, including:

- Insurance regulation in G20 countries
- Risk and security concepts
- Demographic change and social security systems
- Systemic risk

In future we intend to increase our contact with political stakeholders including governments, parliaments, administrations, academics and non-governmental organizations.

## 8 Key Figures: Measuring, communicating, and improving performance

Allianz regularly publishes key figures relating to its performance in sustainable development. Through these, we give our stakeholders the opportunity to assess our commitment in the areas of economy, environment, and

society. The key figures for the Allianz Group take into account data for all of the larger Allianz companies. Unless stated otherwise, they apply to the period of January 1 to December 31, 2009.

### 8.1 Economy

Allianz Group at a Glance	2009	Change from previous year	2008	2007
Total revenues (€ million) <sup>1</sup>	97,385	+5.2%	92,568	97,689
Operating profit (€ million) <sup>2</sup>	7,182	-(2.0)%	7,329	10,320
Net income from continuing operations (€ million) <sup>3</sup>	4,740	+13.2%	4,186	7,991
Return on equity after income taxes (%) <sup>4</sup>	12.7 <sup>5</sup>	+3.0 Pkt.	9.7 <sup>5</sup>	15.0 <sup>5</sup>
Basic earnings per share (€)	9.53	n.m.	(5.43)	18.00
Dividend per share (€)	4.10 <sup>6</sup>	+17.1%	3.50	5.50
Board of Management remuneration (€ million)	30.9	17.5%	26.3	38.8

- 1) Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).
- 2) The Allianz Group uses operating profit as a key financial indicator to assess the performance of its business segments and of the Group as a whole.
- 3) Following the announcement of the sale on August 31, 2008 Dresdner Bank was classified as held for sale and discontinued operations. Therefore, all revenue and profit figures presented for our continuing business do not include the parts of Dresdner Bank that we sold to Commerzbank on January 12, 2009. Starting as of 2006 the results from these operations are presented in a separate net income line "net income (loss) from discontinued operations, net of income taxes."
- 4) Based on average shareholders' equity. Average shareholders' equity has been calculated on the basis of the average of the current and the preceding year's shareholders' equity.
- 5) Based on net income from continuing operations after minority interests.
- 6) Proposal

Despite difficult macroeconomic conditions, Allianz's turnover and operating profit figures confirm the steady development of the Group's value in 2009.

#### Total revenues

Allianz delivered solid results in 2009. Life/Health performed very well and Asset Management delivered excellent results, while soft markets negatively impacted business development in the Property-Casualty segment.

#### Operating profit

On a year-over-year basis, operating profit was down slightly by 2.0% to €7,182 million, a very strong result given the challenging economic environment. Considerable profit improvements in Life/Health and Asset Management nearly outweighed the decline in operating profit from Property-Casualty insurance and the increased loss from Corporate and Other. Operating profit development in both insurance segments was, to a large extent, driven by our investment results.

#### Net income from continuing operations

Net income from continuing operations improved substantially by 13.2% to €4,740 million. Inclusive of discontinued operations, we achieved a net income for 2009 of €4,345 million compared to a net loss of €2,187 million for 2008, mostly stemming from the sale of Dresdner Bank. The 2009 loss from discontinued operations of €395 million was the final effect from the sale and deconsolidation of Dresdner Bank and, in accordance with IFRS, had to be recorded at the completion of the transaction on January 12, 2009.

#### Basic earnings per share

Basic earnings per share are calculated by dividing net income (loss) attributable to shareholders by the weighted average number of common shares outstanding for the period.

#### Shareholder dividends

We want our shareholders to participate in our positive results, and for this reason we increased the dividend payment from €3.50 to €4.10 per share (payment for fiscal year 2009). This corresponds to a dividend yield of 4.7% (as of the end of 2009). As measured by net income from continuing operations, the payout ratio is 40.0%.

#### Board of Management remuneration

The remuneration system for the members of the Board of Management was reviewed by the Supervisory Board last year on the basis of the new regulations on board remuneration in force since August 2009. The structure of the performance-related remuneration was adjusted to account for the aspect of sustainability. The total remuneration consists of fixed and performance-related remuneration, with the ratio of the annual fixed to target variable remuneration remaining at 25:75.

## Target categories for performance-based cash remuneration (2010 annual targets and three-year targets for 2010 to 2012)

Annual bonus		Three-year bonus
Quantitative targets 75%		Portfolio Development
Group targets 50%	2010 operating profit 2010 net income	<b>Basis at Group level:</b> 2010 - 2012 average growth 2012 return on capital (based on operating profit and net income)
Targets of the Business Divisions/Corporate Center Functions 25%	2010 operating profit of the Business Division 2010 specific targets for Finance, Investment and Chief Operating Officer (COO) functions	<b>Basis at the level of Business Division:</b> 2010 - 2012 average growth 2012 return on capital (based on operating profit)
Qualitative Targets 25%	5 categories that are essential to the 2010-2012 Group strategy: <ul style="list-style-type: none"> <li>• "Partner of Choice" for Stakeholders (customers, employees, investors, general public)</li> <li>• Profitable growth</li> <li>• Strengthening of competitiveness</li> <li>• Development of market management (including e.g. addressing the sales channel conflicts, increasing the focus on younger customer segments and continued profitable customer base growth)</li> <li>• Protection of shareholders' equity</li> </ul>	<b>Sustainability assessment based on qualitative criteria:</b> <ul style="list-style-type: none"> <li>• Actual growth versus expectations</li> <li>• Profitability development</li> <li>• Comparison with peers</li> <li>• Extraordinary events</li> <li>• Capital situation against internal risk capital model</li> <li>• Additional sustainability criteria</li> </ul>

Source: Allianz Annual Report 2009 (p.25)

## Share of Socially Responsible Investments (SRI) from total Assets Under Management

In absolute terms the volume of SRI funds managed within the Allianz Global Investors portfolio rose to €4.8 billion. This growth is due to the more extensive offer as well as to the increased attractiveness of sustainability and environmental technology funds.

Market effects such as the net inflow of new assets from Allianz Global Investors caused the overall level of assets under management to rise strongly. The increase in assets under management in SRI funds was lower in comparison.

Assets Under Management in SRI funds	2009	2008	2007
Absolute amount of SRI (€ billion)	4.8	4.2	2.1
Share of SRI funds from total Assets Under Management (%)	0.4	0.5	0.6

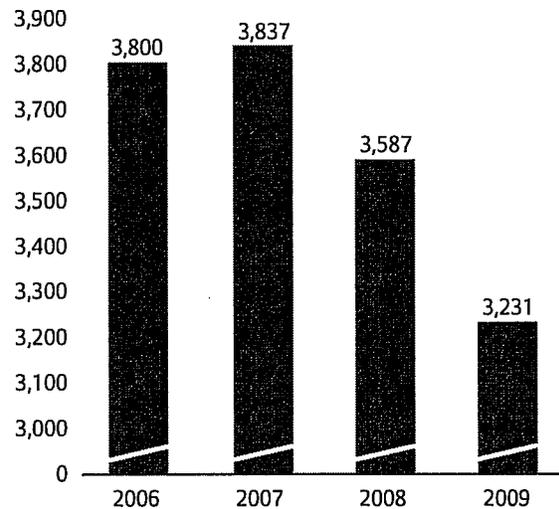
## 8.2 Environment

### CO<sub>2</sub> emissions

Allianz's global target is a 20.0% CO<sub>2</sub> reduction by 2012, compared to emissions in 2006. Since this decision was taken, we have achieved a reduction in our CO<sub>2</sub> emissions per employee by 15.0%.

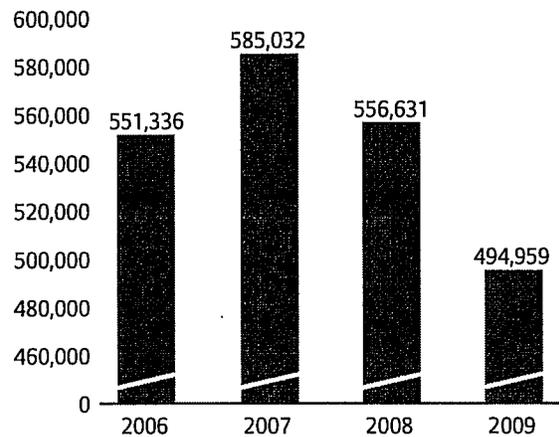
In absolute figures, the Allianz Group, directly or indirectly, emitted CO<sub>2</sub> emissions of 494,959 metric kilotons in 2009. 10.7% were generated as direct emissions by burning fossil fuels in our heating systems and emergency power generators (Scope 1). 51.8% represent indirect emissions, released through energy generation for the electricity and district heating we purchased (Scope 2). The remaining 37.5% are due to travel, waste production, and consumption of paper and water at Allianz (Scope 3).

CO<sub>2</sub> emissions per employee (in kilograms)



Source: Allianz Group Environmental Balance Sheet 2009

Total CO<sub>2</sub> emissions (in metric kilotons)



Source: Allianz Group Environmental Balance Sheet 2009

Greenhouse gas emissions (kilograms)	2009	2008	2007
Scope 1 – Direct greenhouse gas emissions	53,205,099	53,899,519	55,603,698
Scope 2 – Indirect greenhouse gas emissions	256,346,827	282,345,167	313,002,166
Scope 3 – Other indirect greenhouse gas emissions	185,406,718	220,385,829	216,426,557

Following the Greenhouse Gas (GHG) Protocol, we differentiate between three different scopes in measuring our CO<sub>2</sub>:

- **Scope 1 – Direct greenhouse gas emissions**

Due to external circumstances, such as cold winters and hot summers, Allianz's direct GHG emissions did not decrease significantly in 2009, despite improved energy efficiency.

- **Scope 2 – Indirect greenhouse gas emissions**

The increased energy efficiency of Allianz's buildings and our progressive changeover in energy supply to renewable sources, such as hydropower, led to a reduction in indirect GHG emissions of more than 9.0%.

- **Scope 3 – Other indirect greenhouse gas emissions**

We achieved a reduction of almost 16.0% in Scope 3 GHG emissions by reducing our travel and paper consumption. This was primarily due to switching from air travel to trains, and our increasing use of recycled paper.

### Energy consumption

At Allianz we continue to work on improving our energy efficiency in facility management and in the design of workplaces. We have successfully lowered our energy consumption in recent years: This applies both to absolute values and energy consumption per employee.

We expect this trend to continue in the coming years. In addition, we are increasingly switching our energy supply to renewable energy. This enables us to reduce the greenhouse gas emissions from the generation of energy that we require.

Energy consumption	2009	2008	2007
Energy consumption in total (GJ)	3,724,624	3,824,832	3,902,878
Electricity (%)	63.8	64.0	64.3
Renewable electricity (% of total electricity)	15.7	13.9	5.9
Fossil fuels (%)	24.2	24.8	25.1
Long-distance heating (%)	11.0	10.1	9.6
Internal waste heat (%)	0.8	0.8	0.8
Renewable energy (%)	0.2	0.2	0.2
Energy consumption per employee (MJ)	24,312	24,645	25,594

**Business travel**

In 2009 we achieved a significant reduction in our travel compared to 2008. This effect is also due to increased cost sensitivity across the Group. This led not merely to a reduction in kilometers traveled, but also to a preference for environmentally friendly types of transport. Instead of

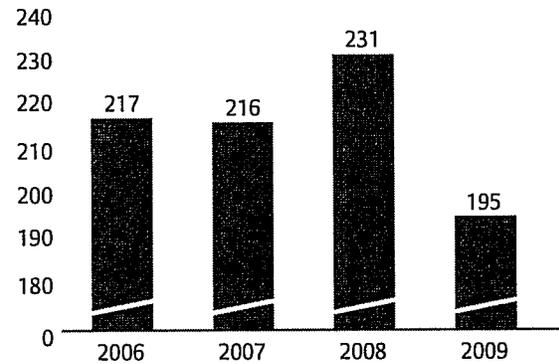
flying, Allianz employees undertook many more journeys by rail. Amongst other things, this also brought about a considerable reduction in CO<sub>2</sub> emissions due to travel (see also Scope 3 greenhouse gas emissions).

Business travel	2009	2008	2007
Total (km)	947,646,901	1,023,346,173	1,007,907,669
Thereof by road (%)	57.5	55.7	54.7
Thereof by air (%)	34.6	38.5	39
Thereof by rail (%)	7.9	5.8	6.3

**Paper consumption**

We managed to reduce our paper usage by 16.7% compared to the previous year, to 29,902 metric tons: This was driven by awareness campaigns in our companies as well as increased use of the Internet for the transfer of customer information. Thanks to awareness measures in Purchasing functions, our usage of chlorine-bleached paper fell by 70.0%. Additional measures, such as the Group-wide commitment to double-sided printing introduced in 2010, offer great potential for further significant reductions in paper consumption in the coming years.

Paper consumption per employee (in kilograms)

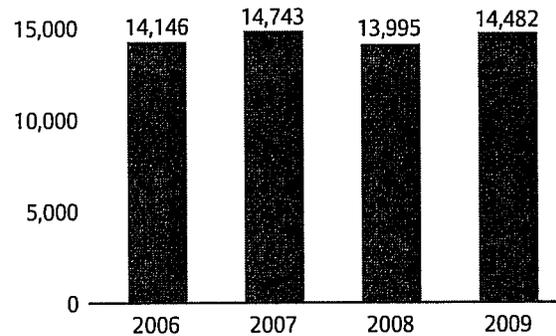


Source: Allianz Group Environmental Balance Sheet 2009

**Water consumption**

In 2009, Allianz consumed a total of 2,218,670 cubic meters of water; of this, 0.5% was rain water, 9.8% spring water, and 89.7% drinking water. Our water consumption actually rose by 3.0% from 2008 to 2009, but this was due to temporary factors such as the swine flu epidemic when employees were encouraged to wash their hands more often. To save valuable drinking water, we also made more use of groundwater in cooling our data centers.

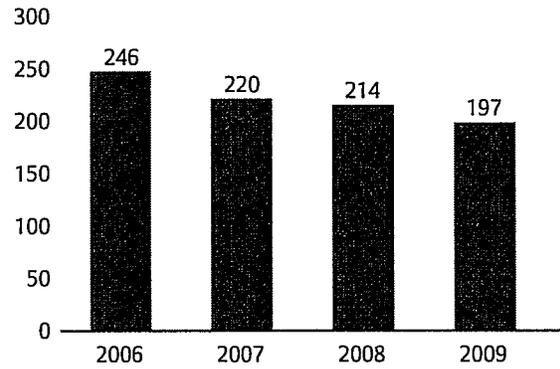
Water consumption per employee (in liters)



Source: Allianz Group Environmental Balance Sheet 2009

**Total waste from business operations**

With the help of awareness campaigns on the individual company level, Allianz achieved further noticeable reductions in waste volume. In 2009 we produced 30,246 metric tons of waste, or 197 kilograms (kg) per employee. Of this, 56.1% was recycled, 22.0% thermally treated, 21.6% disposed of in landfills, and 0.2% treated as special waste.

**Waste per employee (in kilograms)**

Source: Allianz Group Environmental Balance Sheet 2009

## 8.3 Social

### Employee structure

#### Employees by countries

As of December 31,	2009	2008 <sup>1</sup>
Total	153,203	182,865
Germany	49,051	71,267
France	18,489	18,915
United States	9,908	10,627
Russia	8,311	9,106
United Kingdom	7,043	10,207
Italy	6,961	7,211
Switzerland	3,984	4,286
Australia	3,866	3,719
Spain	3,426	3,440
Austria	3,194	3,272
Brazil	2,963	2,941
Poland	2,589	2,458
Slovakia	2,487	2,682
Hungary	2,454	3,427
China (incl. Hong Kong)	2,225	2,501
Romania	2,152	2,331
Other	24,100	24,475

1) Includes as of December 31, 2008, 27,597 employees of Dresdner Bank Group.

#### Employee information

As of December 31,	2009	2008
Total <sup>1</sup>	153,203	182,865
Germany	49,051	71,267
Other countries	104,152	111,598

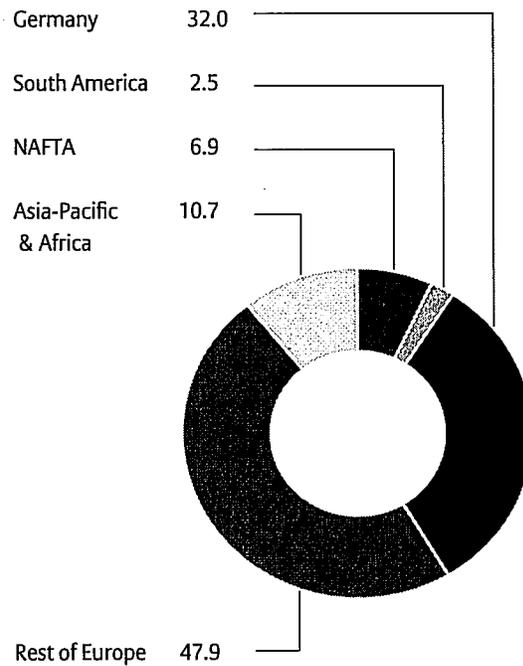
1) Includes as of December 31, 2008, 27,597 employees of Dresdner Bank Group.

As at December 31, 2009, the Allianz Group employed 153,203 staff globally. This number is 16.0% lower than in the preceding year due to the sale of Dresdner Bank. Without considering Dresdner Bank staff, the number of Allianz employees was 2,065 fewer than in the previous year. In 2009, 68.0% of Allianz employees worked outside Germany; in 2008, the figure was only 61.0%.

In the Asia-Pacific region and in Africa, the number of employees rose by 8.9% compared to 2008. This development is mainly due to the fact that the key figures for Ayudhya Allianz C.P. Life Plc. were consolidated in the Allianz Group data for the first time.

In Europe, however, the number of staff declined by 9.6%, with the exception in Germany. The background to this is the withdrawal of almost 3,100 employees of the Dresdner Bank in the United Kingdom and the restructuring of Allianz in Hungary.

Employees by region as of December 31, 2009 (in percent)



Source: Annual Report, page 51

**Part-time employees**

In 2009, the percentage of part-time employees in Allianz was 1.8% points higher than in the previous year. Regionally, it differs strongly. In Germany, the proportion

is highest at 16.4%. At 0.5%, the lowest percentage of part-time employees is in the Middle East and in Africa.

Part-time employees (%)	2009	2008
	10.6	8.8

### Employees in training

Allianz's training activities increased further in 2009, as is evident in the increasing number of participants. 81.1% of Allianz Group managers and 60.6% of other employees took part in at least one training event. In 2008, the figures were 70.1% and 56.9% respectively. Despite the difficult financial situation, we invested €147 million in 2009, the same amount as in the previous year. More internal course options, e-learning programs, and joint utilization of training concepts contributed to an increase both in effectiveness and in participant numbers.

It is not possible to calculate the average length of training per employee, because only events lasting at least three successive hours are counted. Also, employees are only registered at the first training event in which they participate; any successive events are not counted.

Employees in training	2009	2008	2007
Total expenses for employees in training (€ million)	147	147	159

Employees undergoing at least one training session	2009	2008	2007
Staff (%)	60.6	59.9	40.2
Managers (%)	81.1	70.1	59.2

### Trainee ratio

In its personnel selection, Allianz orients itself towards future economic conditions. Support for young employees plays an important role here. Despite the

crisis, in 2009 we have maintained the same proportion of apprentices, interns, and trainees in the total number of staff at 1.8%, as in 2008.

Trainee ratio (%)	2009	2008
	1.8	1.8

### Gender diversity rate

At Allianz we intend to continue our commitment in the areas of diversity and career development for women. In 2009, 31.6% of managers in the Allianz Group were women. The percentage of women in our total staff is 54.2%. In upper management it was 16.0%. We have

decided to increase this proportion even further. We are therefore making sure that in all levels of our company hierarchy there are sufficient female candidates available for succession planning.

Female managers (%)	2009	2008	2007
	31.6	31.6	29.2

Age structure (%)	2009	2008
25 or under	8.1	9.6
26 - 34	28.1	25.2
35 - 44	30.1	28.4
45 - 54	24.5	22.5
55 - 64	8.9	9.5
65 or over	0.2	0.2

#### Work-related accidents and sickness

Our employee sickness rate (average number of sick days annually) rose slightly from 5.7% in 2008 to 5.8% in 2009. These values have only limited significance, because in determining sick days, we do not differentiate between absences due to sickness or stress, as in many countries this is not permitted. For example in Germany, it is forbidden by law to record or report on such data. We are therefore not in a position to document these centrally. The data may be recorded on a local level if it is appropriate and permitted by local laws.

Accident data is not reported centrally. As most of our business activities take place in offices, work-related accidents are not a major issue for Allianz. The majority of accidents that affect our employees take place in their leisure time, or on the way to and from work.

#### Idea management

To compare our performance in idea management between different Allianz companies and across years, we use the "implemented ideas per 100 employees" indicator. At the Allianz Group level, this figure has doubled every year for several years.

The number of participants in the many measures through which we include our staff in the development and submission of value-increasing ideas is also steadily rising.

As part of our annual survey of managers we asked about our managers' perception of the value placed on innovative employees within the company. With the aid of this indicator we can measure whether the Allianz Group companies support a culture of innovation.

Allianz's global innovation program	2009	2008	2007	2006
Implemented ideas per 100 employees	10.5	5.4	3.8	1.2
Participation rate (%)	29.0	24.0	25.0	14.0
Leadership Culture Survey Score for Innovation <sup>1</sup> (%)	74.0	74.0	58.0	58.0

1) The score refers to the managers' perception of how innovative employees are valued in the company

## 9 Performance summary

Targets 2009	Status/Comments	Targets 2010
<b>Climate change</b>		
Further expand energy-efficiency products, carbon market-related and insurance products.	A few new products were launched in 2009, for example: <ul style="list-style-type: none"> <li>• “Energy Savings Package” offered by Mondial Assistance in France</li> <li>• Fireman’s Fund hybrid car upgrade</li> <li>• “Allianz Engineering Energy Services” offered by Allianz UK (further expanded in 2009).</li> </ul>	To be continued.
Further share best practice relating to environmental products across Allianz companies.	Sharing of best practice has already shown positive effects; for example, products implemented in one market have been transferred to other Allianz markets via a network of product developers.	To be continued.
Finalize the three ongoing World Wide Fund for Nature (WWF) research projects and conduct new research on: <ul style="list-style-type: none"> <li>• Policy options and mitigation costs relating to climate change</li> <li>• The impact of climate change on the insurance sector</li> <li>• The support of green product development and Allianz’s carbon reduction strategy through the WWF partnership.</li> </ul>	Research projects RECIPE and Climate Change Tipping Points as well as the G8 Climate Scorecards 2009 finalized and publicly launched in 2009.	Continue projects with WWF in 2010.
<b>Community</b>		
Set up a Allianz4Good portal as a platform for exchanging best practice.	Allianz4Good portal launched in 03/2009. Since then various measures conducted to make it broadly known within the Group and to serve as a real marketplace for topics related to sustainable development; for example topic-related marketing boxes on the Group Intranet’s homepage, teaser emails to local corporate social responsibility managers, cross-reference in Allianz4Good printed- and e-media	

Targets 2009	Status/Comments	Targets 2010
<b>Community</b>		
Implement an Allianz4Good reward scheme.	We have decided not to give personal rewards – we rather want to strengthen the Corporate Volunteering Culture, for example with events involving large groups of participants.	
Prepare the integration of refined Corporate Citizenship accounting into our financial control processes.	<p>Measures performed in 2009:</p> <ul style="list-style-type: none"> <li>• Awareness training for local accountants (200) on correct booking of corporate giving (CG) positions (09/2009)</li> <li>• Amendment of CG positions in Group Accounting's quarterly closing instructions</li> <li>• Booking instructions and redefinitions of CG related in the Allianz Group's Chart of Accounts 2009 and 2010.</li> </ul>	To be continued.
		<p>Development of a global Disaster Relief strategy, including coordinated standards and procedures (start 1Q/2010, end 4Q/2010).</p> <p>Develop a concept on how to engage in disaster risk reduction efforts.</p>
		Recognition of up to eight outstanding social initiatives in the Allianz Group aimed at further promoting social commitment - this will systematically support the activities and goals of the company and is strategically based on its core competencies.
<b>Customers</b>		
Loyalty leadership in all peer markets (measured by Top-down Net Promoter Score)	Ongoing.	To be continued.
		Continue to facilitate access for our customers by expanding our customer services; for example through mobile applications.

Targets 2009	Status/Comments	Targets 2010
<b>Demographic change</b>		
Hold further workshops with internal key units and external research institutes.	Hosted and initiated workshops; for example the Digitalized Globe Conference and the Global Issues Forum.	
Produce further publications to share expertise and best practice.	Launch of diverse press releases and brochures; for example "Shape your future" and "Demographic Pulse."	Continue to share expertise and best practice through a variety of publications.
		Increase the awareness of Allianz in the US and build up retirement expertise.

<b>Ecology</b>		
Establish reduction plans for each of the key factors of our CO <sub>2</sub> emissions (energy, paper, water, waste, and travel).	Group reduction of 14.9% achieved since 2006.	Continue with reduction plans for all indicators.
Allianz Real Estate to develop a concept for the evaluation of several building categories in order to build a foundation from which to develop carbon-related guidelines in 2010.	Concept started in 2009, first pilots in 2010.	To be continued.
Conduct a preliminary study on environmental guidelines for IT.	Achieved.	Based on the results from this study, a policy was launched in 2010.
Develop a concept for the integration of environmental data collection into our financial data reporting processes to further improve data quality and coverage.	Pilot project established.	Evaluation of pilot projects and global roll-out.

<b>Employees</b>		
Further increase the number of women in management positions and in our talent pools.	Our global junior talent pool has reached our target of 30% women.	Further increase the number of women in management positions and talent pools.
		Reach quotas related to diversity and disability set by local governments in all Allianz companies in Europe.

Targets 2009	Status/Comments	Targets 2010
<b>Financial understanding</b>		
Pilot an employee engagement program with focus on financial literacy and offer it to our Munich-based employees by the end of September 2009.  Further develop plans for a Germany-wide roll-out by the end of the year.	The pilot was successfully launched in 2009, with 420 Allianz employees volunteering, and will be continued in 2010 as an independent initiative (My Finance Coach).	Roll-out of My Finance Coach in Germany.  Recruit 300 employees in 2010 (already achieved in May 2010) and visit at least 450 schools across Germany.
Pilot a corporate volunteering program that transfers business skills to the social sector.	First "Social OPEX" workshop with 8 participants was held successfully in 2009.	Gradual expansion in 2010.

<b>Government relations</b>		
		Government relations.
		Improve Board reporting.

<b>Microinsurance</b>		
Roll out the Microinsurance manual to various Allianz companies.	Achieved.	Develop an insurance education manual to be rolled out in certain portfolios.
Increase client base globally to 3 million people, with particular focus on growth in India.	Achieved.	Increase the number of insured to 10 million.
Investigate new products in crop insurance and savings-linked life insurance in African and Asian countries.	In progress and partly achieved.	To be continued.
		Reduce operational costs of microinsurance.

<b>Sustainability in finance</b>		
Further expand our renewable energy portfolio by investing in solar power projects in Europe.	Target 2009 reached – €307 million invested by year end.	To be continued.
		Invest a total of €1.5 billion in new wind and solar power projects by the end of 2012.

## 10 GRI index

Allianz has reported sustainable development indicators since 2002, allowing us to benchmark our progress over time. We are pleased to say that we have continually expanded and refined our reporting in those years, across all three dimensions: economic, environmental, and social.



2010 is the fifth year that Allianz has reported along the lines of the Global Reporting Initiative's (GRI) G3 indicators. GRI is a voluntary sustainability reporting framework, designed to encourage best-practice disclosure on economic, environmental, and social impacts. The GRI framework includes standard guidelines applicable to all companies, as well as individual sector supplements. We report against both the standard indicators and those of the Financial Services Sector Supplement. Our internal assessment is that the Allianz Sustainable Development Report 2010 corresponds to Application Level B of the GRI Guidelines.

The GRI Index (Allianz G3 table 2009/2010) that follows indicates to what extent we take the GRI indicators into account.

The Allianz Group is covered in its entirety in this report and unless stated otherwise, the figures presented here are for the year January 1, 2009 to December 31, 2009.

If you wish to review our performance against the previous year, you can download the G3 table from last year's report here: Allianz G3 table 2008/2009

### GRI Application Levels

The GRI Content Index shows at a glance where Allianz's reporting stands with respect to the requirements of the GRI. The Index details:

- Which indicators we take into account and to what extent
- Where these are to be found on the Group website or in the Annual Report
- Which indicators we are unable to include due to certain circumstances

The table below gives a description of the G3 Application Levels.

Report Application Level	C	C+	B	B+	A	A+
<b>Standard Disclosures</b> 	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version

## III Our challenges

Issues such as climate change, demographic change or the dismantling of social security systems are becoming increasingly important. Successfully meeting these challenges requires future-oriented solutions, not least in the insurance and financial sectors.

Allianz's broad and diverse knowledge base is one of the cornerstones of our investment in renewable energies. It is also fundamental in helping us support people in protecting themselves against risk, for instance through catastrophe bonds or microinsurance products in developing countries.

### 1 Sustainability in finance

Insurance plays an important role in society. It safeguards business activities, provides protection for individuals and families, and contributes to stability in capital markets by reinvesting premiums on a long-term basis in government bonds and corporate securities. Allianz feels that sustainability is inherent to our business, and we

take this responsibility very seriously. Not only do we pursue a long-term investment strategy and stringently manage our risks, we are also continuously looking for ways to promote sustainability through our business activities, such as socially responsible investing and developing products and services with added social value.

#### 1.1 Global challenge: "Sustainable development in the insurance sector and how it can help to make society fit for the future"

The editorial team of the 2010 Allianz Sustainable Development Report spoke to Professor Dr. Elmar Helten, President of the Bavarian Finance Centre, on sustainability in the insurance sector.

**What role do insurance companies play in our society and in sustainable development?**

**Prof. Dr. Helten**

The insurance industry is the only economic player that focuses on all types of risks. This means that it assumes a key "early warning" function for society at large. Its ability to limit losses, prevent damage and diversify risks also plays an important role in society: the insurance industry spreads risks over many shoulders, acts as a catalyst for financing and investment, and shapes markets. In doing so, it promotes economic development and ultimately contributes to sustainable development. What is more, insurance companies give private households and the corporate sector alike a sense of security as

far as their financing and lending plans are concerned, and make sure that individual lifestyles are not suddenly shattered by the heavy burden of loss events. In this sense, insurance companies compensate for any fluctuations that may arise, helping to ensure stability among private households and for the economy as a whole.

**Limiting losses and diversifying risk – how does it actually work?**

**Prof. Dr. Helten**

The fact that individuals are generally not in a position to cover an unexpected major loss motivates people to form collectives and show solidarity. This need has given rise to today's concept of insurance coverage - a relatively complicated service. One of the reasons why the concept of insurance is so complicated is because it relates to uncertain events in the future, the ins-and-outs of which cannot, ultimately, be forecasted. Meteorology is a good comparison: weather forecasts

are becoming more and more precise. But it's difficult to pinpoint exactly when an ash cloud will emerge from an Icelandic volcano, how high it will travel into the atmosphere and which geographical areas will be affected. It's exactly the same story with the risks that the insurance industry covers. Despite all the advances in knowledge and technology, it's impossible to forecast exactly when loss events like accidents or illness will occur. Insurance companies solve this forecasting problem with something called the "consolidation trick": loss-event trends observed over a period of many years, together with population census figures, allow insurance companies to identify basic patterns for risk carriers of the same age. This knowledge is used to form insurance collectives, which compensate for the loss events that affect different members based on the principle of solidarity. So if a policyholder incurs a loss, the solidarity pool steps in.

**What contribution do insurance companies make to sustainable development in our society?**

**Prof. Dr. Helten**

Insurance and financing offers are a prerequisite for technological developments. Insurance experts' knowledge of loss triggers mean that they can often make specific contributions to technological improvements: in the wind energy sector, for example, risk engineers proposed a condition monitoring system to mitigate the risk of supply interruption caused by turbines breaking down due to poor maintenance standards.

Societal changes also go hand-in-hand with new risks that will have an impact on the insurance business. Demographic change, for example, is putting massive pressure on social security systems in a large number of countries. New financing solutions and forms of insurance will have to be found to tackle this issue. In this respect, insurance companies have a responsibility toward their customers - for example by making sure that they are informed, analyzing risk situations and spreading financial knowledge to specific target groups so that customers can make better decisions as far as private pensions are concerned, for instance.

Finally, insurance companies also bear responsibility in their role as investors. Customer funds have to be managed in such a way that the initial promise made to the customer can be kept, even after a period of many years, in the event of a loss, or when a pension is paid out. The financial crisis is testimony to this: insurance companies have to select cautious investment strategies and be more transparent when

explaining to their customers where and how their money will be invested.

More and more people are beginning to realize that an insurance company's business model relies on more than the knowledge and consolidation of risks. It also needs long-term financial planning and a forward-looking, cross-generational vision.

**Why are new risks so complicated and how do insurance companies deal with them?**

**Prof. Dr. Helten**

Long-term financial security is an integral part of any insurance company's business model. The ability to make long-term plans is also a fundamental prerequisite for an insurance company's ability to calculate risks in a reliable manner. Appropriate reserves can only be made if they know that they are not going to be hit by extreme events of a kind never seen before. This is why "risks of change," i.e. situations in which there is an abrupt change in the causes and extent of loss events during an insurance period, are particularly problematic from an insurance perspective. Consequently, it is of the utmost importance that insurance companies investigate causes and use the knowledge gained for loss prevention purposes.

This is why the insurance sector supports environmentally-friendly thinking, for example, or climate protection efforts. Although the insurance industry differs from the manufacturing sector in the sense that its business is not energy-intensive, it has already been hit very hard by the losses incurred by its customers as a result of climate change.

Another recent example of loss prevention can be found among private health insurers who are increasingly offering customers free medical check-ups and health training programs. These programs create a win-win-win situation: they improve the health of their customers, take pressure off the state healthcare system and reduce the claims payouts that the insurance company has to make.

**What does the insurance industry see as the main challenges associated with sustainable development?**

**Prof. Dr. Helten**

We are starting to realize that even the investment of an insurance company's own capital is not entirely devoid of risk – not even if the company invests in

government bonds. There is no such thing as 100% security in this life, and this is something you have to keep in mind. This is why tried-and-tested strategies have to be reviewed on an ongoing basis in order to think about how a balance can be achieved between economic forces, and how to create an environment of security. In new insurance markets - such as eastern Europe or East Asia - insurance companies can help to iron-out economic imbalances. One challenge lies

in showing people the advantages of a solidarity system, and convincing them of just how important a stable economy is. Here in Germany, on the other hand, we need more financial and insurance issues to be tackled in schools. A religious education or ethics lesson, for example, could mention the historical development and major social achievements of the insurance industry, given that this is part of "solidarity," too.



**Professor Dr. Elmar Helten**

**(President of the Bavarian Finance Centre)**

Professor Dr. Elmar Helten is President of the Bavarian Finance Centre and professor emeritus at the Institute for Risk Management and Insurance at Ludwig-Maximilian University in Munich. He spent many years as the deputy chairman of the Board of Management of the German Association for Actuarial Science (Deutscher Verein für Versicherungswissenschaft) and as Chairman of the German Society for Actuarial and Financial Mathematics (Deutsche Gesellschaft für Versicherungs- und Finanzmathematik). He is also a member of the Advisory Board of the German insurance ombudsman (Versicherungsbund e.V.) and holds a number of posts in the insurance and IT sectors.

## 1.2 Our approach: Stability in uncertain times

To make planning of sustainable financial services possible, our business model needs to take account of a permanently changing world. In times of increasing uncertainty this is essential to secure long-term growth and create a stable society.

As a financial services provider, we have stayed on course in recent years and contributed to this stability through sound investment and risk management policies. Our risk management approach, which includes the continuous monitoring of future global issues and evaluation of their potential implications for our business, is the backbone of our current financial stability. Our Group Economic Research and Corporate Development department plays a key role in this monitoring and evaluation process.

The biggest challenges we see our company facing in years to come include aging societies, overburdened social security systems, climate change and economic change – in both the wealthier and the poorer regions of the world. Allianz is applying all its expertise to reach a fuller understanding of these challenges, so as to identify the opportunities they create and develop appropriate solutions. We are constantly updating our products in response to changing customer needs, and are investing more in growth markets.

This strategy has focused our attention on long-term, sustainable measures such as:

- Enhanced strategies for investments
- New products and services

### Allianz Group Economic Research & Corporate Development

This department plans, directs, and carries out macroeconomic and financial market research, as well as analyzing fundamental economic and business issues. It provides Allianz with economic and strategic advice and, together with the research units of the subsidiaries, has access to a unique research network. Services range from analysis and

forecasts to assessments and recommendations based on internal analysis and forecasts. Externally, Group Economic Research and Corporate Development represents the position of Allianz on economic issues, with the focus on economic and social problems and questions of economic policy.

### 1.3 Responsible investment: Socially responsible investment

The general public is increasingly aware of the impact social and environmental factors can have on a company's share price. Our customers are demanding more investment products and services that underpin sustainable development.

Allianz has responded to these demands, both by offering third parties new socially responsible investment (SRI)-oriented products and services and by managing funds on behalf of third parties. In addition, we are employing our own financial resources to invest in renewable energy.

#### Our approach to SRI

Allianz asset managers have always sought to make investment decisions that optimize our customers' financial interests. SRI represents a great opportunity to work hand-in-hand with our customers in promoting sustainable development. In 2009, the portfolio of the regional and global SRI funds we managed totaled €4.8 billion. These funds invest in companies that meet financial as well as environmental, social, and governance (ESG) criteria and that we consider as sound investments. We also know that by taking ESG issues into account, these funds are well equipped to anticipate risks and responsibly manage their operations.

#### Voluntary commitments

Investments can only be socially responsible if they meet – and are seen to meet – internationally recognized criteria. This is why a growing number of Allianz investments comply with various international guidelines, including the Principles for Responsible Investment (PRI), a voluntary international framework that provides guidance on incorporating ESG information (factors, issues, criteria) into investment decision-making and ownership processes. Allianz Global Investors (AllianzGI) France, RCM UK Ltd., and AllianzGI Korea Ltd., three members of the AllianzGI Group, are all committed as co-initiators of and signatories to these Principles.



David Diamond  
(Head of Sustainable & Responsible Investment,  
Allianz Global Investors France)

"We've been integrating sustainability aspects into our investment approach since 2002. We consider ESG criteria to select those issuers best positioned to achieve sustainable benefits for society and sustainable profits for our investors."

### Allianz Global Investor's prominent role

As one of the most prominent investors in the French SRI arena, AllianzGI France proactively promotes SRI and participates in related initiatives such as the Global Reporting Initiative (GRI) and the Extractive Industries Transparency Initiative. AllianzGI France managed around €5 billion in SRI funds at the end of 2009. The comprehensive range of SRI products covers all major asset classes and includes two flagship funds: Allianz Valeurs Durables, the largest SRI equity fund in Europe since its launch in 2002, and Allianz Securicash SRI, the second-largest European SRI money market fund with over €2 billion in managed assets. AllianzGI France is an active shareholder, voting at over 300 annual general meetings of European companies last year.

AllianzGI France's investment philosophy is built upon fundamental strategic analysis bringing together both financial and ESG research. The focus is on a medium to long-term approach with a low portfolio

turnover. At every stage of the investment process AllianzGI France implements thorough risk control.

PROJECT M, the stakeholder magazine published by AllianzGI, features compelling articles, in-depth research, and thought-provoking views expressed by leading personalities. Published three times a year, PROJECT M covers – and helps set the agenda for – topics of concern for the industry.

In 2009, AllianzGI published one entire edition dedicated to Social Responsibility. Entitled "Who's Responsible?," it covered topics ranging from "SRI during financial turmoil" and "ESG is part of fiduciary responsibility" to "Responsible investing is on the rise" and "Why it's too risky to put off sustainable economics." PROJECT M has already received its third award since first being published in 2008: a Pearl Award from the Custom Publishing Council in New York. In 2009, PROJECT M was included in the "Best New Magazine" section for its editorial content.

### RCM's award-winning team

From six international offices on four continents, RCM's Sustainability Research Team identifies new and longer-term risks and opportunities that have not yet been fully priced in by equity markets. In this, RCM takes ESG factors and mainstream company analyses into consideration. RCM has constantly developed and refined its sustainability research process to achieve one overriding goal: identifying those companies that are best managing their environmental, social, and governance risks, and are best positioned to realize emerging environmental and social opportunities. These "best-in-class" companies determine the investment universe for the RCM Global Sustainability Fund.

RCM is moving towards the broader concept of sustainability investing, which involves pursuing sustainability and themed fund investment strategies. Consequently, RCM has developed a number of themed funds which invest in companies that are helping society tackle specific long-term, structural challenges. They include the RCM Global EcoTrends Fund, the RCM Global Water Fund, the Global Demographics Fund, and the Wellness Fund. In all, RCM currently manages approximately €2.8 billion in sustainability and themed fund investment strategies, and has received the Best SRI/Sustainability Buy-Side Team Award in the Thomson Reuters Extel Survey 2009.

### Investing in renewables

Our commitment to SRI doesn't stop at asset management services. A significant proportion of our Group's life insurance premium funds are invested in renewable energy projects. By the end of 2009, Allianz has invested

about €760 million in approximately 20 wind and solar parks in France, Germany, and Italy that can provide electric power to about 290,000 households per year.

## 1.4 Products & services: A future-oriented portfolio

Our ongoing risk management and research activities provide us with the know-how to create future-oriented products and services – and to maximize our customers' financial assets in the long term. The portfolio includes products that cover emerging risks, others that make a key contribution to society, and a number of public-private partnerships for new business opportunities.

### Coming to terms with climate change

We have developed over 50 products and services – including asset management, insurance, and assistance – to help mitigate climate change or make allowances for its environmental impact. In the insurance segment, Allianz advocates the incorporation of environmental, social, and governance factors into underwriting and product development. We also incorporate these factors into our risk management, for example by watching emerging risks. On the asset management side, sustainable development is supported through socially responsible investment. Some examples of these 50 products and services are listed below.

- Insurance solutions for private clients: Allianz Germany, Allianz UK, and Mondial Assistance France, for example, offer a package for home owners which includes an energy calculator, diagnosis, and evaluation of their property's energy performance, advice on investments to improve energy savings and cut carbon dioxide emissions, a craftsmen's service for upgrading property, and special financing for building modifications.
- Insurance solutions for corporate clients: Allianz in Brazil, France, Germany, and Spain, for example, offer packages for various types of renewable energy installations (wind, photovoltaic, biogas, and biomass), including technical advisory services and financing of installations and covering the risk of pollution, operation, etc.
- Asset management products: The RCM Global Water Fund, for example, invests in companies that are improving the availability of clean water around the world

Moreover, the Allianz SE Reinsurance Flood Catastrophe Bond enables Allianz to transfer potential losses from insurance claims resulting from severe flood damage in the UK and earthquake damage in Canada or the U.S. to the capital markets.

Allianz Climate Solutions (ACS) was set up in 2007 with the explicit brief to develop new products and identify investment trends relating to climate change for the whole Group. The experienced ACS team also supports the development and expansion of insurance products and other financial solutions for new technologies and renewable energy projects. Their expertise enables them to advise external customers as well as Allianz Group companies on issues concerning renewable energy, clean technology, and the carbon market. ACS also serves as a mediator and central contact point for meeting the needs of customers while enabling them to benefit from Allianz's extensive portfolio of products and services. ACS uses its years of experience in renewable energy to provide customers with access to innovative insurance products, financing options, and project procurement services as well as detailed market and technology assessments.

Our approach is not only to help private customers protect themselves against new risks but also to ensure that commercial customers and the public sector benefit from our forward-looking insurance solutions to the challenges faced by society. After all, technical progress and economic growth would hardly be possible without the security provided by the insurance industry.

Allianz Global Corporate & Specialty (AGCS), which operates in around 70 countries, is dedicated to corporate and specialist insurance solutions. For example, it supports renewable energy projects by providing insurance cover against the potential loss of carbon credits under emissions trading schemes. If a wind farm is prevented from generating electricity by an insured event, the owner is covered for loss of electricity and carbon-credit income. A specialist unit within AGCS is the Allianz Center for Technology, a highly respected body worldwide that provides technical expertise in risk, safety, and technology.

### Helping the aged

Allianz offers a broad range of innovative products and services relating to demographic change. Mondial Assistance, the world leader in assistance and personal services, has a whole range of products and services tailored to the needs of an aging society, including policies that cover shortfalls in retirement pensions, personal response services such as home monitoring, teleassistance and telemedicine, rehabilitation management, retirement, bereavement and funeral assistance, and medical information lines.

**Pioneering public-private partnerships**

Since healthcare is one of the future challenges in an aging society, we are also supporting the increasingly burdened state-run health systems. In Germany, for instance, the range of medical and care services provided by statutory health insurance companies is declining. To combat this trend, "Allianz Private Krankenversicherung," APKV (Allianz Private Health Insurance Company), has cooperated with the statutory health insurance provider "Kaufmännische Krankenkasse" (KKH) to form KKH-Allianz. As a private health insurer, APKV can offer additional cover that KKH can sell to complement its own service range. KKH-Allianz has thus greatly improved the limited cover provided by statutory elective tariffs – with obvious advantages for customers.

## 2 Demographic change

The pace of demographic change is accelerating. Aging populations and declining birth rates are causing fundamental shifts in societies around the world. These in turn are forcing governments to make far-reaching changes to their social security systems – with enormous implications for private individuals and the financial services sector.

Allianz is responding to these global demographic changes with financial products and services that are tailored to our customers' individual needs. Allianz also undertakes research into the risks and opportunities of demographic change and, by informing the general public, contributes to raising awareness and encouraging discussion of the impact of demographic change.

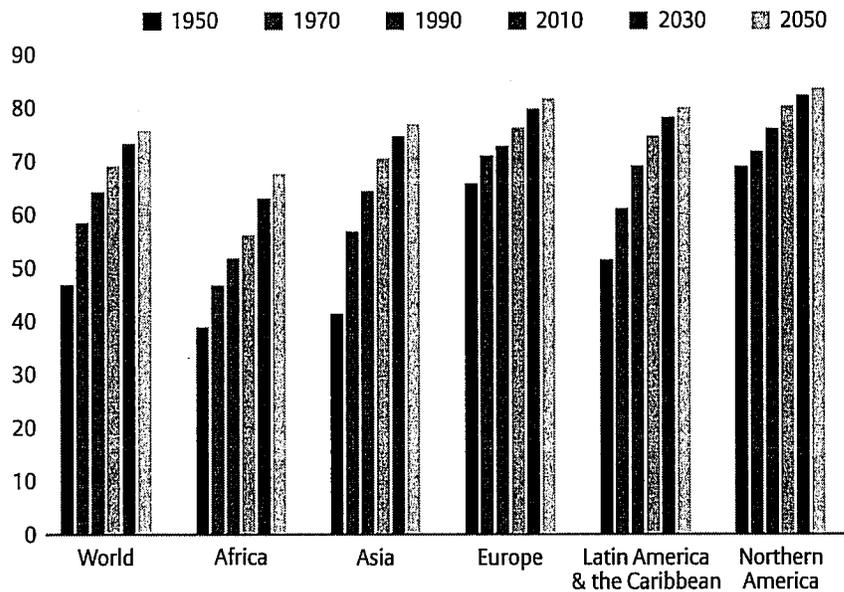
As a global financial service provider, Allianz believes that demographic change is of crucial importance since it affects healthcare, retirement provisions, and education. It will also have a big impact on the capital markets.

### 2.1 Global challenge: Facing up to the demographic challenges

At Allianz we are continually researching and encouraging public debate on the following questions: How will demographic change affect social security systems over the next half-century?

What effects will aging populations have on consumer behavior? What impact will demographic change have on global capital markets?

Increasing life expectancy at birth across world regions (in years)



Source: Population Division of the Department of Economic and Social Affairs of the United Nations.

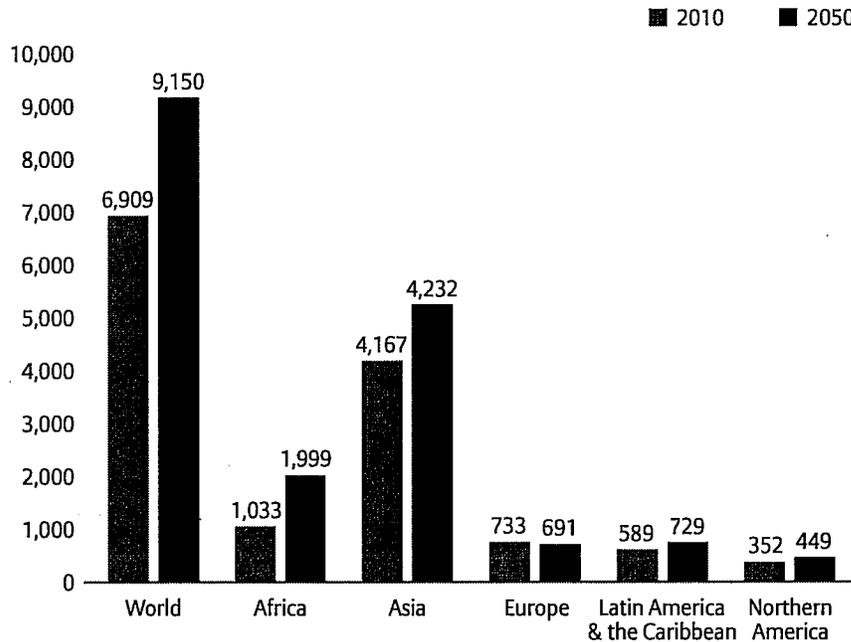
**Driving forces: fertility and mortality trends**

The changes in population structures in all of the world's regions over the past six decades are clearly visible. For instance, Asia's overall birth rate has dropped sharply from 5.7 to 2.4 children per mother. Over the same period, global average life expectancy has risen from 46 to 68 years. The obvious outcome of these fertility and mortality trends is progressively fewer earners and increasing numbers of retired people.

population will have risen to more than nine billion. Workforce potential is most directly affected by fertility and – especially in developing countries – also by mortality trends: An increase in a country's working population, such as in India, generally has a positive influence on gross domestic product (GDP), while a decline in the population, as in Germany, tends to have a negative effect.

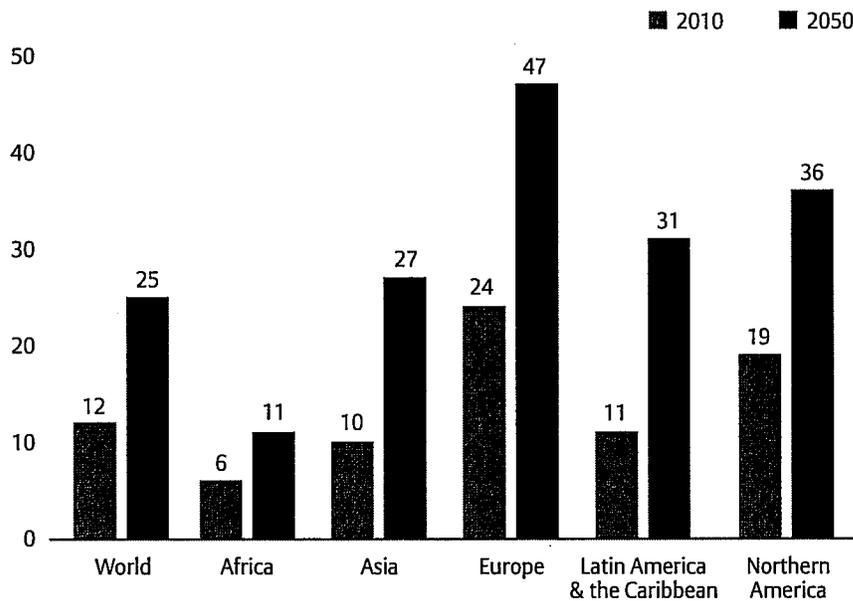
The scale of demographic change differs significantly between countries and regions. By 2050 the world's

Population (in millions)



Source: Population Division of the Department of Economic and Social Affairs of the United Nations.

Old-age dependency ratios (in percent)



Source: Population Division of the Department of Economic and Social Affairs of the United Nations.

#### Impact on statutory pensions

Demographic change is already having a major impact on national social security systems worldwide.

The pay-as-you-go system is still dominant in developed countries, where earners contribute to a state-managed scheme. In fully-funded systems, earners fund a private scheme tailored to their own requirements. Both systems are affected by demographic developments in different ways.

#### Pay-as-you-go

With the proportion of earners-to-retired people falling – for example, from 3.2 to 1.6 between 2010 and 2050 in Germany – it is clear that statutory pension contributions will fall while the number of retirees relying on state pensions will rise.

#### The fully-funded approach

The fully-funded approach is not immune to the effects of aging, either. The longer life expectancy of the insured population will result in lower monthly benefits and/or higher premiums. Additionally, there is a double burden for today's "sandwich generation," who will be hard hit by the cuts in the pension benefits and relatively high pension contributions but has only a few years to make private pension provisions.

#### Healthcare systems also affected

Statutory healthcare compounds the statutory pensions' problem. As with state pensions, the next 50 years will see the number of contributors declining and beneficiaries rising. Moreover, age-specific expenditure profiles are increasing. The overall trend in both pension and healthcare funding is shifting towards greater individual responsibility instead of the existing implicit "contract" between successive generations. Governments are moving towards being a strategic partner instead of a full-service provider.

#### Changing consumer behavior

The global trends of urbanization and increased personal mobility are set to continue. In developing countries, the traditional system of families providing care for their older members is breaking down. Most countries are not in a position to increase – or in some cases, even to provide – state pension support.

As society ages and the proportion of retired people in developed countries increases, consumer spending patterns will shift towards leisure, sports, and travel, particularly for the under-75s. In developing countries, however, the lion's share of personal financial resources available in retirement will need to be channeled towards healthcare and secure accommodation. These changes in consumers' behavior will drive global demand for new, retirement-related financial and healthcare products and services.

#### Implications for capital markets

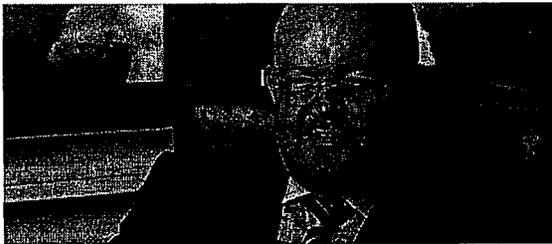
These massive shifts have equally huge implications for global financial services. In today's emerging markets, the increasing demand for a wider range of consumer products will lead to capital market growth. In developed countries, the growth in the over-60s population segment means an increased need for pension-provision products and management in the years up to and during the "decumulation" phase. This is when pension assets accumulated during an individual's working life are converted into disposable pension income. The market for individual retirement savings and "de-savings" products is thus set to grow strongly worldwide. We estimate that the European pension market – currently worth some €7.7 trillion – will increase by around 80% to €14 trillion by 2020. In Asia-Pacific the 2008 figure was €1.65 trillion and is projected to rise by more than 200% to €4.8 trillion by 2020. According to a recent study by Pensions International, the global retirement market is expected to grow by 80% by 2020 with total pension assets rising from a current €20 trillion to €36 trillion.

## 2.2 Our approach: Solutions for aging societies

The over-50s are the fastest-growing segment of society worldwide. To address the challenge of demographic change, Allianz is developing products designed for an aging population. The aim of these products is to generate reliable retirement income. We want to give our customers not only the chance to plan their financial future but also the peace of mind that comes with financial security.

### Market challenges

Our Allianz Global Life unit generates ideas and solutions in response to global demographic changes. Allianz Global Life brings together employees from the various key markets to advance the development of our life insurance and pension products. Allianz has established a market position with a global presence, strong distribution channels, and an attractive product range. Through providing additional products geared towards demographic change, we are reinforcing our presence in growth markets such as Asia and also penetrating the U.S. market, which will become more important in the future.



Allianz nevertheless faces many challenges in its global approach. Significant differences between the market requirements and expectations of Germany and India, for example, mean that truly global products are still far from being a reality. Instead, Allianz Global Life is working on a number of product offers that can be used in similar markets. Additional private retirement provision is a crucial factor of pension systems in aging societies. This is why Allianz Global Life has, for example, developed Invest4Life, which provides an annuity product for the over-50s combined with a lifelong pension and an investment fund. Should the value of the fund increase, the customers' income increases too – but will never fall below a guaranteed level.

Manuel Bauer  
(Head of Allianz Global Life)

“What needs will emerge in an aging society with new lifestyle and consumption habits? This is just one of the questions we are already considering in our product development. In China, for example, we are meeting the growing demand for privately funded retirement provisions through our Super Fit insurance program.”

### Meeting challenges with innovative products

As birth rates fall and life expectancy rises, the number of pensioners grows – and there are fewer workers. This puts social security systems under a great deal of pressure and generates a greater demand for private healthcare

and retirement provisions. Allianz has responded by developing a range of tailored healthcare and pension products.

#### Flexible products for dynamic markets

The Allianz Super Fit insurance program in China is not just a great example of a flexible product but also an innovative milestone in our sector. We first launched Super Fit in August 2009 to give customers the flexibility to enjoy their very own tailor-made insurance solution. Customers decide for themselves on the length of the policy term, premium payment period, and duration of the benefit payment period. They can also choose from a range of wider benefits. The broader range of ages insured also makes it available to many more customers.

#### Asset management

We now face a situation where people live longer and inflation is a greater risk – but also where investors have much more control over their own retirement assets. This makes proper, prudent management of those assets more important than ever. The Allianz Real Income Distribution Strategy developed in the U.S. in 2009 illustrates this point well. It is a fund-based portfolio that provides inflation-protected daily liquidity. Moreover, the only risks are sovereign credit and minimal interest. This fund, which can be offered in conjunction with advanced longevity insurance, is a unique and innovative solution that seeks to provide a systematic, inflation-adjusted basic income, thus allowing retired people to opt for higher risks elsewhere in their portfolios. Allianz Group awarded this product first place in our Group-wide Innovation Awards 2010 as the Best Innovation for Customer Benefit.

#### Organized day-to-day assistance

With the breakdown of traditional family support structures, it is important for elderly people or families with many children to be able to count on organized help on a day-to-day basis. To meet this challenge, Mondial Assistance offers products and services tailored to these two groups' needs. Another product from the portfolio addresses the growing risk of dementia in old age. Customers aged 65 and over can join a program to detect dementia in its early stages. Where this is diagnosed, the Mondial Assistance policy covers outpatient nursing and home-renovation support. Mondial Assistance Group, the world leader in assistance, personal services, and travel insurance, provides 24/7 services, has 250 million beneficiaries, and makes one intervention every two seconds.

#### Demographic change as a sustainable investment opportunity

Not all aspects of demographic change are doom and gloom. On the contrary, Allianz is constantly identifying opportunities for our investors to benefit from global demographic change. Allianz Global Investors' Demography Fund, which makes strategic investments in companies benefiting from this trend, was set up to take advantage of the increased demand in all relevant sectors – infrastructure, transport, finance, healthcare, food, real estate, and energy consumption.

## 2.3 Research & awareness: Thorough research – the basis of sound business

Our customers and core business are equally affected by demographic changes, since they impact financial services legislation, pension systems, and healthcare needs. To mitigate this impact, thorough research into demographic change is critical to the sustainable success of our business.

Besides research, Allianz believes it is essential to provide the public with accurate information, raise awareness, and promote discussion of demographic change and its impact. In this way, we can influence customers' attitudes and behavior. To generate this awareness, Allianz undertakes and publishes studies that identify and assess the risks and opportunities of demographic change.

### Capturing trends and developing solutions

Business units within the Allianz Group are tasked with producing innovative responses to demographic change trends. For instance, Allianz Global Life draws on research to create innovative financial products that respond to global demographic trends. Group Economic Research and Corporate Development plans, directs, and carries out macroeconomic and financial market research, as well as analyzing fundamental economic and business issues with a focus on social problems and questions of economic policy. Around the world, local Allianz companies draw on their own research to develop and launch products and services that meet local needs.

### Extensive research activity

Our extensive research into demographic change covers a broad range of activities ranging from investigations into declining birth rates in the European Union, advice for policy-makers, and reform of old-age pension systems. Allianz has published research findings on demographic change trends to make this information available to the public and generate debate on this issue. Some examples of the research we have carried out are:

- The 2009 Pension Sustainability Index measures and illustrates the pressure on governments to reform pensions by consistently examining the various factors that impact pension systems. The Index was drawn up by Allianz Global Investors.
- In Retirement at Risk II – Challenges for U.S. Baby Boomers Approaching Retirement, Allianz examines just how prepared baby boomers are for their approaching retirement since they have seen the market value of their assets deteriorate sharply in the past two years. This Allianz Global Investors study also highlights the impact the baby boomers' behavior will have on the financial services industry.
- Allianz Global Investors asked financial analysts in Germany and Switzerland to assess the consequences of the financial crisis for pension funds. The results, compiled in the study "How the Financial Crisis Affects Pension Funds," provided valuable insights into trends affecting pension funds' liabilities, socially responsible investments, and customers' pension contributions.
- Demographic Pulse is mainly aimed at journalists and is based on the latest research into demographic change, ensuring up-to-the-minute coverage of major developments in this field. Allianz is thus providing ongoing, detailed information on a development that is shaping the world we live in. The first issue entitled "It's down to the 'Oldies' now" (March 2010) focused on the impact of declining birth rates in recent decades and reported that in 2010, for the first time, there will be fewer new entrants into the European labor market than workers retiring. These research projects are conducted and published by Allianz experts, feature the latest globally relevant demographic data, and provide valuable insights into the consequences of demographic change for economies and societies around the world.

### 3 Climate change

One of the greatest risks facing humankind today is climate change. Its implications for the insurance sector are huge; 40% of industrial insurance claims paid out in recent years resulted from natural disasters. Allianz not only seeks to mitigate this threat for our insurance customers, we are working to turn this challenge into an opportunity by developing new solutions and products

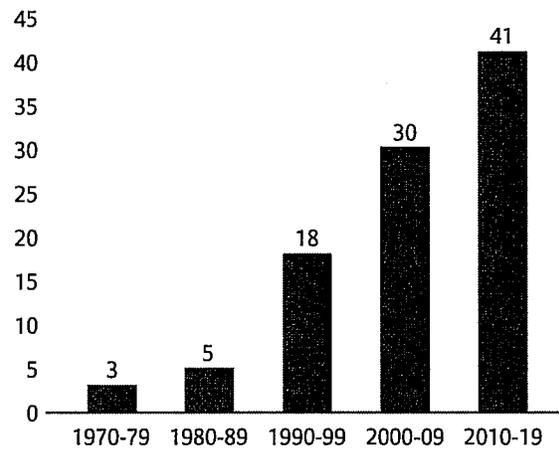
for our clients and investing in new technologies to combat climate change. To this end, Allianz is researching the impact of climate change in close cooperation with academics and non-governmental organizations such as the World Wide Fund for Nature. The Allianz Group also supports efforts by politicians and the private sector to create a low-carbon economy.

#### 3.1 Global challenge: Now is the time to act

Over the past century, the average temperature of the air near the Earth's surface has risen by just under 1°C. Even if this does not seem like much of an increase, scientists say that global warming is very probably responsible for a significant increase in violent storms, floods and forest fires. All of these natural disasters do significant damage to the environment, communities and the global economy.

A detailed study of climate change impacts conducted by the International Institute for Environment and Development (IIED) in 2009 revealed that by 2030, the economic costs of adjusting to climate change will amount to several hundred billion U.S. dollars per year.

Average insured losses per period (in US \$ billion)



Source: Allianz Group.

**Extreme weather: more severe and frequent**

The international consensus of scientific opinion says that for the first time in the history of our planet, climate change is not happening as a result of primarily natural causes but of global warming brought about by greenhouse gases produced by human activities. According to the Intergovernmental Panel on Climate Change (IPCC), carbon dioxide emissions have increased by 80% since 1970 bringing about a high probability of, for example, an increase in extreme weather events. Global warming therefore has very clear implications for the insurance industry. Over the last 30 years, insurance payouts for weather-related incidents have risen fifteen-fold, a trend that also reflects increased urbanization and more insured property in climatically sensitive areas such as coastal regions and flood-prone zones. Allianz estimates that the cost of weather-related damage will increase to around €40 billion per annum by 2019. The increasing risk associated with climate change is why the insurance sector – and Allianz in particular – is keen to promote a low-carbon society.

**Political and business consensus required**

What we urgently require is a clearly defined, global framework for action to mitigate climate change, and an international political and business consensus to mobilize sufficiently large amounts of private capital to tackle global warming. While the United Nations (UN) Climate Change Conference in Copenhagen in December 2009 failed to produce specific results, participants did recognize the urgent need to limit global warming to below 2°C. Allianz supports ongoing international political efforts to establish a global framework that regulates activities contributing to global warming.

## 3.2 Our approach: Tackling the climate challenge

If no action is taken, climate change will push up costs in the financial services industry even further. This could mean that we have to compound risks across all our businesses. Allianz has responded by defining its priorities and focus in a Group strategy that addresses all climate change-related risks and opportunities.

**A strategic response**

We have adopted a comprehensive Climate Change Strategy in four core areas. Besides working to minimize the carbon footprint of our own business processes, we are preparing our company for the impact climate change will have on our customers and business. We also aim to contribute towards a low-carbon economy by providing appropriate products and services.

The Allianz Climate Change Strategy involves:

- **Products and services:**  
We are developing products that buffer financial risks caused by climate change and help minimize greenhouse gas emissions
- **Investments and technologies:**  
We continue to invest a significant amount of capital in low-carbon technologies such as wind and solar energy and shape market developments through our environmental technology funds
- **Operations and carbon footprint:**  
We are reducing the carbon emissions from our own operations, for example from office buildings and business travel. In 2006, Allianz set itself the target of reducing the greenhouse gas emissions of the entire Group to 20% lower than 2006 levels by 2012. In 2009 our strategy for carbon dioxide reduction was updated to better address the climate-change risks and opportunities to our business and reduce our own environmental impact.
- **Research and advocacy:**  
As we believe that knowledge entails responsibility, we are striving to raise the public's and politicians' awareness of climate risks and the economic consequences

**After Copenhagen:****Boosting green and alternative investments**

It is widely accepted that the results of the United Nations (UN) Climate Change Conference in Copenhagen in 2009 were inadequate. But this has only spurred our Group on to intensify our previous efforts. We are now further expanding our portfolio in the field of climate-change mitigation and alternative energy investments, as detailed below.

- Development of green products that enable our customers to mitigate the climate impact on our planet; their development and marketing may be boosted by unilateral emission reduction targets under discussion in several of our core markets, including Brazil, China and India.
- Provision of alternative investments for projects that promote renewable energy, greater energy efficiency, and clean technology; these investments are likely to attract more funds if new legislation and stricter emissions levels are enforced.

**Mitigating climate change in future**

In view of the consequences of climate change for our industry, Allianz is committed to the following course of action:

- Continuing to advise national and international climate delegations about the finance sector's needs and requirements
- Insisting on regulatory clarity and transparency in our sector
- Communicating the private sector's views at political gatherings such as the UN Climate Conferences in Bonn, Germany (June 2010) and Cancun, Mexico (December 2010) and at the G20 and Major Economies Forum meetings in 2010
- Exploring additional low-carbon activities and product developments in countries that have already pledged unilateral domestic action, such as China and Brazil
- Identifying additional attractive low-carbon investment opportunities in regulated markets and closely monitoring international carbon-offsetting market developments

**Martin Gansneder**  
(Head of Insurance, Allianz Climate Solutions,  
until April 2010)

"One of our main tasks is to support the entire Group with climate-oriented solutions. We have developed a number of sophisticated investment tools and products, such as Flood Bonds which cover operational losses caused by environmental disasters."

### 3.3 Products & services: A portfolio to protect our climate

Climate change impacts our customers' financial planning and risk mitigation strategies. We are working to support our customers by developing a range of carefully considered products and services.

Our response to climate change took a very practical step forward in 2007 when Allianz set up a new subsidiary, Allianz Climate Solutions GmbH (ACS), with the brief of guiding the Allianz Group in a long-term, business-oriented approach to climate change. This involves:

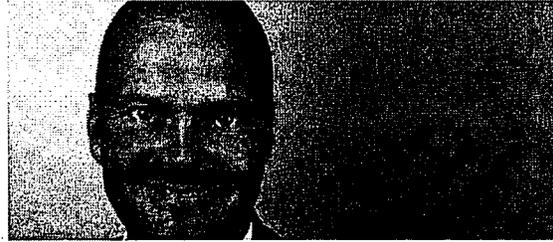
- Informing the Group about climate change issues and helping our companies share their expertise
- Supporting the development and expansion of insurance products and other financial solutions for new technologies and renewable energy projects
- Advising customers on the opportunities arising from a low-carbon economy

Besides this leadership role, ACS acts as an investment manager, providing high-value services by linking the competencies and expertise within the Group on renewable energies, clean technologies and the carbon market to the benefit of our clients.

#### Developing green products

To help mitigate climate change and the Group's impact on the environment, Allianz has already developed more than 50 green products ranging from asset management to new kinds of insurance and assistance services. The focus here is on three areas where we can best help our customers address climate change:

- Raising energy efficiency with products and services that help to reduce carbon dioxide (CO<sub>2</sub>) emissions
- Adapting financial protection against the risks of climate change, for example by increasing the uptake of catastrophe bonds or natural hazard insurances
- Benefiting from international carbon markets through products focusing on emission reduction projects and carbon neutralization activities



**Ralf Heintges**  
(Head of Department, Allianz Global Corporate & Specialty)

"Particularly in the renewable energy sector, where technologies and equipment have not yet been exhaustively tested, a range of insurance risks are still very hard to forecast. We're supporting the development of this sector by providing insurance cover for wind turbines, for example."

#### Forward-thinking initiatives

The range of climate-friendly financial products Allianz offers in different markets is constantly increasing. In France, homeowners have had access to new, government-subsidized loans for energy improvements since 2009. In this context Mondial Assistance has been offering an energy-savings package since May 2009 in partnership with energy utilities and real-estate companies, which assists clients in assessing, prioritizing and evaluating energy-saving home improvements.

In the United States, Fireman's Fund Insurance Company (FFIC) has been offering green automobile insurance cover to customers since August 2009, offering an upgrade to a hybrid vehicle in the case of damage. If the car is stolen or written off in an accident, FFIC will pay the full replacement cost of the vehicle – not just the actual cash value – for the first three years.

#### Climate-change products from Allianz worldwide launched in 2009

- **Austria:** Allianz customers who drive very little or buy an annual public transport season ticket are eligible for insurance premium rebates
- **Germany:** Allianz provides special financing loans for solar electric modules clients wish to install on the roof of their home
- **United States:** Allianz advises homeowners on how to achieve energy savings and reduce CO<sub>2</sub> emissions. Also, Fireman's Fund offers specific insurance cover for buildings certified under an environmental standard.
- **Several countries:** Allianz offers insurance policies that enable damaged old appliances to be replaced with more efficient new ones

### 3.4 Investing in the environment: Investing in renewables

Wind energy and solar power play a vital part in reducing carbon dioxide emissions. To support the renewable energy sector, Allianz Capital Partners (ACP), the Group's private equity division, has invested some of the Group's assets in wind parks in Germany, Italy and France. These investments not only help combat climate change but are also financially sound in the long term.

Allianz Specialized Investments Limited (ASIL), our subsidiary dedicated to renewable energy investments, is building up a long-term portfolio, particularly in wind energy. By end of 2009, Allianz has invested about €760 million in approximately 20 wind and solar parks in France, Germany and Italy that can power about 290,000 households with electricity for a year.

In 2010 ASIL will diversify this renewable energy portfolio by investing in solar parks across Europe. In the first half of 2010 Allianz has acquired six solar parks of up to 1 Megawatt (MW) each. These are located in the municipalities of Brindisi and Mesagne in the Puglia region of Italy and have been operating since the end of 2009. An additional two solar parks are awaiting completion of construction. By the end of 2012, ASIL plans to have invested an additional €1 billion in new wind and solar power projects.

The wind parks acquired by ASIL in 2009 include:

- Mont Gimont (48 MW, France)
- Quitzow (24 MW, Germany)
- Redekin (16 MW, Germany)
- Barbes d'Or (12.5 MW, France)
- Bonneuil (12 MW, France)
- Les Cent Jalois (12 MW, France)
- Jalaville (11 MW, France)
- Joyeuses (10 MW, France)
- Lusanger (8 MW, France)



David Jones  
(CEO, Allianz Specialised Investments Limited)

"Renewable energies are an attractive growth market for us. In 2009 alone we acquired nine wind parks. Our most recent investments in France have significantly expanded our activities in this important market."

### 3.5 Research & advocacy: Raising awareness of the climate issue

Allianz contributes to public awareness and understanding of climate change by sharing our know-how and experience as a risk manager, listening to others and cooperating with relevant organizations. What our Group knows about climate change and its implications for the global economy will not only support public policy, but will also help us gain valuable insights for our own business strategy and product development.

#### Combating climate change

A key element of our commitment to combating climate change is research conducted in cooperation with academics and specialist international organizations such as the World Wide Fund for Nature (WWF). In 2009 Allianz and the WWF presented two studies to the press in Berlin and Munich: the Report on Energy and Climate Change in Europe (RECIPE) and the Climate Change Tipping Points.

#### RECIPE

The RECIPE study examined four carbon dioxide (CO<sub>2</sub>)-intensive sectors of the European economy – power generation, industry (cement and steel), transport, and agriculture – and proposed strategies for future emission reductions. So far, this research has revealed:

- Early action is the only way to mitigate the worst consequences of climate change at reasonable cost
- Europe will benefit from playing a leading role in initiating action
- If the costs of climate protection are evenly spread, no part of the world will be overburdened and fund transfers to emerging countries will keep climate protection costs down
- Climate change can only be mitigated if measures take effect by 2020



Joachim Faber

(Member of the Allianz Board of Management)

“The RECIPE Report showed that we have to act – and act now. If society doesn’t manage to reduce CO<sub>2</sub> emissions, there will be huge financial losses worldwide. We see the mastering of this challenge as an opportunity – and expect a boost to our business from the future boom in environment-friendly investments.”

#### Climate Change Tipping Points

The Climate Change Tipping Points study issued by the WWF and Allianz details the probable consequences of climate change if early action is not taken. The report details twelve tipping-point scenarios that may occur in different regions and ecosystems if the average global temperature exceeds a critical threshold. The scenarios include a reversal of the warm Gulf Stream current, fundamental shifts in water-carrying systems and severe droughts. The report discusses not only the consequences of these scenarios but – just as importantly for Allianz – details the profound implications for the insurance sector.

#### Additional research projects

Climate-related research promoted by Allianz has resulted in further publications, including:

- **The Value of Carbon in China:**  
This study looks at the Clean Development Mechanism market in China and proposes how to make this market more effective
- **Climate Protection for Everybody:**  
This study commissioned by an initiative known as "2° – Deutsche Unternehmer für Klimaschutz" (2° – German CEOs for Climate Protection) was the first representative, cross-sector investigation into environmentally-friendly buying behavior and the consumption attitudes of consumers

#### Cross-sector initiatives

To raise awareness of how urgent the climate change issue is, Allianz is working closely with key opinion leaders in the regulatory, public, and private sectors. We also want to help these three sectors work together effectively in channeling international financial investment towards mitigating and adapting to climate change.

Despite justifiable criticism of what was achieved in Copenhagen, the Climate Conference in December 2009 was another milestone in dealing with this issue. Although the Copenhagen Accord is not a binding

agreement, it does provide a point of entry for private-sector involvement in the United Nations (UN) Framework Convention on Climate Change (UNFCCC). Throughout 2010, there are plans for discussions between private financial institutions, private financiers, and governments to advance the development of public-private finance mechanisms. As a member of the Climate Change Working Group of the United Nations Environment Programme Finance Initiative (UNEP FI), Allianz promotes proposals that encourage the financial sector to tackle climate change issues.

#### Additional awareness-raising partnerships

- **Carbon Disclosure Project (CDP):**  
This organization, of which Allianz was a founding signatory, collates companies' carbon-emissions data to help investors reach well-informed investment decisions. In April 2010, Allianz supported the first CDP call for water disclosure, whereby companies were asked to measure and disclose information on their water usage, the risks and opportunities in their own operations and supply chains, as well as water management and improvement plans.
- **2009 Investor Statement on the Urgent Need for a Global Agreement on Climate Change:**  
Endorsed by over 180 financial institutions, including Allianz Global Investors, this document sets out what these companies believe should be the key elements of an international agreement on climate change
- **2° – German CEOs for Climate Protection:**  
The objective of this initiative, established by Allianz and nine other leading German companies in partnership with policy makers, is to limit global warming to no more than 2°C above pre-industrialization levels

## 4 Microinsurance

Offering low-premium insurance to poor people is one of the biggest challenges for a global insurance provider – and a vital tool in supporting the rural communities of emerging countries. After all, 40% of the global population lives on less than US \$2 a 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 shocks. Allianz knows that microinsurance can help them cope.

The huge number of people living on the lower rungs of the economic ladder is a market segment that Allianz only recently began to explore in a systematic manner.

While profit expectations are much lower than in the traditional business, there is a strong feeling that making low-income customers familiar with the concept of insurance, and with the Allianz brand in particular, will pay off over the years as these customers move up the economic ladder.

Our Group's microinsurance products are particularly designed for low-income households with no other access to basic insurance. It is also a viable business, since microinsurance not only provides a safety net to poor families but can also be profitable in both the short and long term.

### 4.1 Global challenge: A worldwide need

More than 2.6 billion people living in extreme poverty have nothing to fall back on if they lose their homes or fall ill. Only 3% of them have access to government or private insurance schemes. This makes the other 97% very vulnerable – particularly to accidents, illness, and natural disasters such as the tsunami in the Indian Ocean in 2004 or Cyclone Nisha in southern India in 2008.

A person living on an average of US \$2 a day is hardly aware of the benefits of insurance coverage. Standard health insurance or financial coverage is quite simply beyond their reach. Moreover, poor people in the rural areas of emerging countries have very little money to pay insurance premiums – yet they desperately need insurance coverage.

Access to Financial Services (Fraction of households in percent)



Source: R. Honohan, July 2007

For further information please visit: [www.knowledge.allianz.com](http://www.knowledge.allianz.com)

### What is microinsurance?

Microinsurance provides essential coverage to families and individuals who have no access to basic social protection. Allianz microinsurance products provide people living on or below the poverty line with a health and financial safety net that enables them to survive risks that would otherwise shatter their lives, such as death, disability, or substantial damage to their homes.

Microinsurance products have premiums as low as €0.10 per month, putting this essential coverage within reach of even the poorest households. In India, for example, a policy covering a family of four costs less than 400 rupees (about €5.80) a year. With such low premiums, microinsurance is also a particularly useful way of providing security for people involved in small business projects. Enterprises set up by women's self-help groups in rural communities are a good example.

### Challenges in distributing microinsurance



Michael Anthony  
(Head of Microinsurance, Allianz4Good)

"For us microinsurance is a bottom-line business in two ways: The financial bottom line is in achieving commercial viability; and the social bottom line is ensuring that microinsurance brings measurable social benefits in poor communities at the very bottom of the economic pyramid."

For the insurance provider it is still a challenge to make microinsurance products commercially viable. A successful microinsurance business model has three essential features:

- **High volumes:**  
The volume of policies needs to be high in order to cover the costs
- **Standardized products:**  
To sell insurance products on a very large scale, they need to be straightforward and standardized; simple, easily understandable rules are required to define who qualifies for coverage, and local or individual exceptions cannot be accepted
- **Efficient processes:**  
The poor infrastructure and lack of efficient financial transaction systems in emerging markets mean transaction costs are often very high. To minimize costs, microinsurance providers have to find effective ways of communicating with numerous potential customers, building reliable data collection and transmission systems, and establishing robust but streamlined back-office processes.

Allianz has improved access to financial services and brought microinsurance closer to people in emerging countries by creating local partnership alliances with microfinance institutions and non-governmental organizations. These specialists have established relationships within local communities and are familiar with local people's needs.

### Getting the message across

Allianz still faces several challenges when selling insurance to rural communities in emerging countries. First, people are generally unaware of the benefits of insurance and have little trust in the basic principle. After all, taking out a microloan means you receive cash; taking out microinsurance involves buying a promise. Secondly, low literacy levels make it harder to communicate the benefits of insurance to the potential customer. The problem is exacerbated by an understandable lack of trust among rural communities in the ulterior motives of big business. Overcoming these obstacles is a challenge that Allianz readily accepts because the benefits make a genuine difference to the lives of rural communities.

In emerging countries, Allianz sells microinsurance most effectively through cooperatives and associations. Since, in statistical terms, women in rural communities are more financially literate and responsible, the distribution of microinsurance policies through women's self-help groups in particular has brought very good results. This financial empowerment of women can also have positive side effects, such as improving their self-esteem and the respect they enjoy in their community.



Our empirical observations have provided strong evidence that giving low-income families access to essential financial services improves their lives. Up to now, however, we have conducted only limited scientific research on the social performance and impact of microinsurance products. For this reason, Allianz is now closely monitoring the performance of its microinsurance portfolio in the respective markets. This data will help us develop more innovative products that are even better tailored to the needs of local communities in emerging markets.

Nelly Mongosso  
(Directrice, Allianz Cameroon)

"We also need to take account of local beliefs and customs in our administrative procedures. A society of craftsmen in Cameroon, for instance, turned down a microinsurance application document because it was printed in red – for them, red is the color of blood. We easily solved the problem by reprinting the form in black! Some rural communities believe that buying an insurance policy will lead to a premature death of the policyholder because they regard making a "bet" on your own death as a lack of trust in God, the sole arbitrator of life and death."

## 4.2 Microinsurance offer: The social and business case

Microinsurance is not only a strong social business case in the short to mid-term; Allianz considers microinsurance to be an investment in a long-term business case. Our Group started providing microinsurance in the humanitarian crisis after the 2004 tsunami in South East Asia. Bajaj Allianz teamed up with CARE International in India to develop a package to cover the basic risks of accident, death, loss of household assets, natural disasters and fire.



So far some 3.8 million customers have taken out microinsurance from Allianz, and most of them live in Asia. Policyholders can benefit from a range of microinsurance products that go beyond coverage for the risks listed above, such as products that offer an educational allowance for a child or that cover funeral expenses in the event of accidental death.

Martin Hintz  
(Allianz Life Indonesia)

"Our first microinsurance product was a simple loan-coverage life product. But soon we also learned that another core need in low-income households is to save for their children's good education. So we are now developing a new product to help people regularly save small amounts for their children's education and also protect the family and children in case of death."

### Beneficial microinsurance partnerships

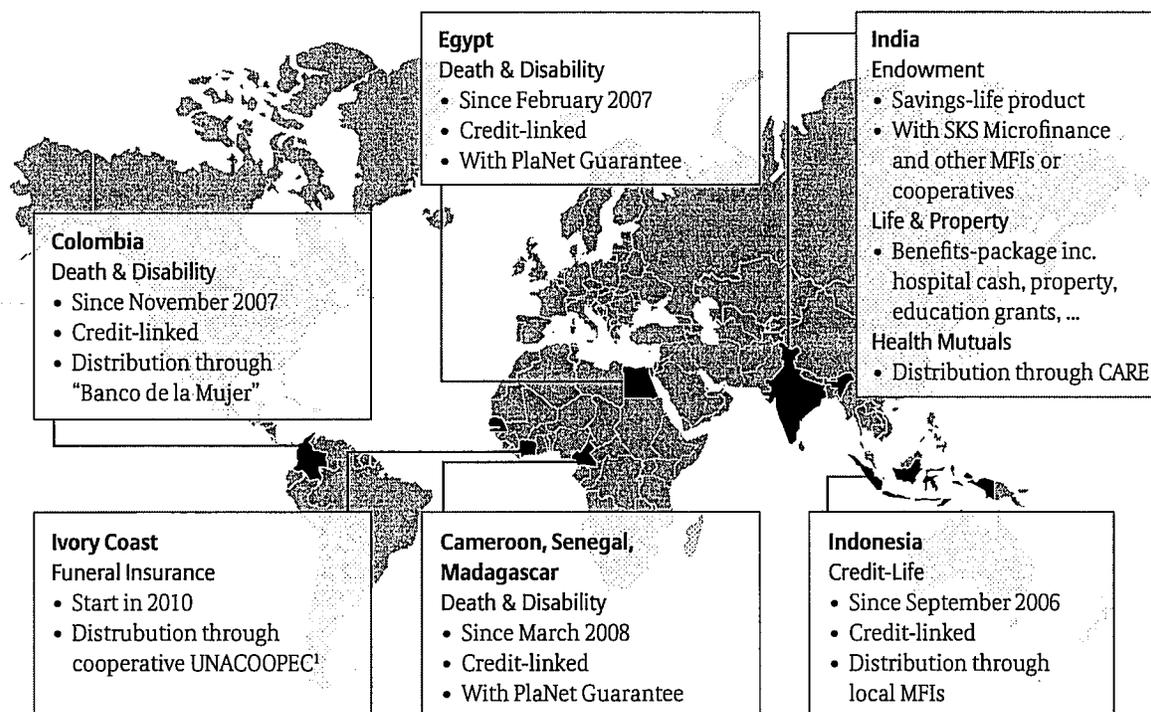
The number of insured people needs to be high in order to make microinsurance viable. Allianz therefore works with local partner organizations that have years of experience in working in poor, rural communities and identifying their needs. These organizations are capable of reaching large numbers of customers, which is crucial to the success of microfinance projects. Allianz has been working with partners such as CARE International, SKS Microfinance and PlaNet Finance to create microinsurance products that give these communities the best possible support.

Our research has shown that in India 90% of the Allianz microinsurance customer base had never even heard of insurance. To raise these customers' awareness of how microinsurance can help them, our local partners have developed highly original communication approaches. For example, CARE International works with local authorities to organize infotainment events for the self-help groups to which many women in southern India belong. The events include puppet theaters, Bollywood-style sketches and even a microinsurance song based on a well-known Indian tune.

Selvaraj, the president of the Illappuhoppu village assembly in India, noticed how microinsurance had a striking impact on the lives of the poor people in his village. When his village was struck by natural

disaster, he was impressed by how quickly his community was able to return to normal. Without microinsurance they would have had to borrow from relatives, neighbors – or loan sharks.

### Tailored microinsurance products of Allianz



Source: Allianz4Good, April 2009.

1) Union Nationale des Coopératives d'Épargne et de Crédits de Côte d'Ivoire.

### Tailoring products to customers' needs

Allianz has established microinsurance markets in Cameroon, Colombia, Egypt, India, Indonesia, Ivory Coast,

Madagascar, and Senegal. In these countries, our Group's range of tailored products provides a powerful tool for alleviating severe poverty.

**Microsavings: Life insurance with a savings component**

There are few opportunities for India's rural communities to save money. A new policy from Bajaj Allianz now provides both life insurance and a specially tailored savings product. To develop this new product, Bajaj Allianz partnered with SKS Microfinance, the world's fastest-growing microfinance institution (MFI) and also the largest MFI in India with over 7 million clients.

In April 2008, Bajaj Allianz and SKS launched Swayam Shakti Suraksha, a life insurance product with a savings component. With a premium of only €0.60 a week over a period of five years, customers' named beneficiaries receive around €600 in case of the policyholder's accidental death. After less than two years, this life insurance product already has over 2.5 million customers. Allianz aims to have 5 million customers throughout India by the end of 2010.

**Dairy cooperatives: A customized mass product for farmers**

Since dairy cooperatives are an efficient way to reach rural populations in India, they are an excellent channel for all kinds of microfinance products. Our microinsurance experts at Bajaj Allianz developed a tailored microinsurance and savings product for all dairy farmers belonging to one dairy cooperative, the Punjab State Cooperative Milk Producers' Federation. The simple and flexible product includes a life insurance policy coupled with a cash endowment – a tandem approach that helps policyholders to build up assets. Each dairy cooperative can customize the Bajaj Allianz cooperative microinsurance and savings plans to suit the required scope of risk coverage and set the premiums, terms of payment, and benefits as required.

Since early 2010, this innovative Bajaj Allianz product has been on sale to the Federation's members and

the Federation is actively encouraging them to take up the offer and secure their future financial requirements. "This is the first time that an insurance company has offered a customized insurance solution for the needs of our members. We are glad to be associated with Bajaj Allianz, as this will encourage the rural population of Punjab to better mobilize their savings. It will also give them an opportunity to participate in investments and secure their future financial requirements," says H.S. Grewal, General Manager, Ludhiana Milk Union, on behalf of the Milk Producers' Federation.

**Community-based mutual health insurance**

While essential health insurance is taken for granted in most western countries, the majority of humanity still lacks basic health coverage. A project run by the mutual health insurer Bajaj Allianz and the aid organization CARE India is now offering a new kind of health insurance. Bajaj Allianz and CARE are pioneering the first community-based cooperative health insurance system in India's private sector. Whole villages are working together to insure their residents against illness, handling the administration and premium payment transactions themselves. Health coverage costs around €6 a year for a family of four.

**Cattle insurance coupled with the latest technology**

Simple though these insurance and savings plans may be, Bajaj Allianz is using the very latest technology to prevent fraud in the insurance of cattle. If an insured cow dies in India, the farmer receives a payout that allows him to cope with the significant financial shock: since one cow can support a whole family, this insurance is very valuable to farmers. Here, Bajaj Allianz has introduced the use of implanted RFID chips to prevent fraud by helping farmers prove that an insured animal has actually died.

## 5 Financial understanding

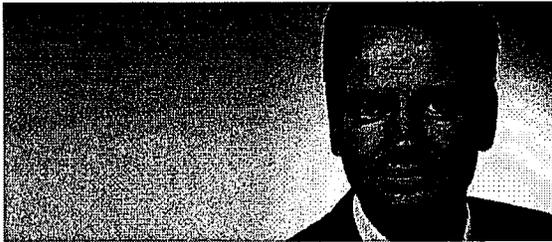
Allianz believes that we have a basic responsibility to pass on what we know to our customers and society. As a leading global insurer and asset manager, Allianz is particularly interested in promoting financial literacy and enhancing financial understanding. This topic is intricately linked to our core business, and we have a great deal of knowledge to share in this area. We do this through initiatives such as My Finance Coach, a program

delivered by Allianz volunteers through partner schools and designed to promote financial literacy among 11- to 15-year-olds. We also offer the services of our “OPEX black belt” process improvement experts to social entrepreneurs. For the general public, Allianz has developed open web platforms to make basic information on financial topics available to a wider audience.

### 5.1 Global challenge: “Enabling people to make their own decisions as informed consumers”

Barbara Roder, My Finance Coach Manager (Allianz4Good department) and Christian Deuringer, Head of Global Brand Management (Group Market Management department) outline why there is a lack of knowledge about financial

issues among the general public. To address this, Allianz is taking a variety of different approaches to raise the basic level of financial education among the population. Here, our employees present two of our initiatives.



Christian Deuringer, Head of Global Brand Management



Barbara Roder, My Finance Coach Manager

While dealing with money is a part of our everyday lives, we're not always well informed about the world of finance. How can such gaps in knowledge arise?

Deuringer:

Many people are resigned to the fact that financial topics are too complex for them to ever understand, preferring to think about buying their next new car instead of planning their pension. Among other reasons, this is due to the fact that financial products are not always transparent enough. Along with a basic reluctance to deal with financial matters, many negative associations are also linked with the financial crisis. Consequently, uncertainty has worsened. At the same time, however, the crisis has highlighted just how important a basic financial education is in enabling people to make independent decisions.

Why is it so difficult today to establish a basic level of financial education in our society? What are the main tasks and obstacles? And what opportunities do you see?

Roder:

12% of 13-to-24-year-olds in Germany already have debts of €1,800-2,000. In my view one of the main reasons for this is because they have not been given the essential knowledge of basic finance – neither at home, in their circle of friends, nor at school. In this respect there are no curriculum standards; indeed, each Federal State in Germany takes a very different approach when it comes to education on finance.

Education on basic economics should be a key component of a comprehensive school syllabus, as money concerns us all. In a globalized world, an understanding of economic relationships is

becoming increasingly important. This knowledge is beneficial not just to individuals, but also to society as well as to the political and economic community. After all, with the decline of social security systems, individuals are being asked to take ever-greater personal responsibility.

**Deuringer:**

The financial crisis has led to a loss of trust and to a noticeable increase in the awareness of financial issues. According to the social research company TNS Infratest, 87% of Germans would like to improve their understanding of their financial products. Almost 60% said that they want to pay more consideration to where they invest their money. It was striking that while people continue to seek advice from financial experts, only a quarter of respondents still consider such advice authoritative – this shows that the days of blind trust are on the wane. Society expects from financial services companies such as ours that we promote basic financial education without promoting our own interests. To Allianz, with its high social standards, this is a huge opportunity.

**What role should financial services companies play in promoting basic financial education?**

**Deuringer:**

Clarification, transparency, and above all comprehensive advice on financial products are at the heart of our daily business.

**Roder:**

With their international wealth of experience, our employees are virtually predestined for this task. Experience shows that they gladly pass on their knowledge, for instance as part of our corporate volunteering activities. We want to counteract a feeling of helplessness when it comes to the topic of finance, and make it easier for people to act as informed consumers. Access to easily understandable information and basic financial education play a key role here.

**In your area of responsibility, how do you intend to make the topic of finance accessible to the broader population?**

**Roder:**

We're approaching the topic from multiple angles in order to address different target groups. For instance, we teamed up with training partners and politicians to launch the independent My Finance Coach initiative, which educates young people about financial matters. Through this initiative we offer

schools a variety of tailored teaching materials. On top of that, we are planning teacher-training courses to anchor basic financial education in curricula in the long-term – deliberately without marketing ourselves in the process. In a philanthropic sense, we want to pass on our knowledge independently of our brand, and fill children and young people with enthusiasm for the topic of finance.

**Deuringer:**

Each topic can also be approached from a financial angle. In our brand-communication activities, we use this opportunity to relate the topic to all areas of life in a playful and lively way. The first learning outcome from doing this is that the topic of finance can be fun. For example, together with TimeWarner in the U.S., we created a website called Finance from A-Z. Anyone can access the portal and it helps provide answers to financial questions free of charge. With this website, we're offering an alternative to traditional forms of advertising, and an approach that is more oriented towards the user and less towards sales objectives.

**Could you describe the examples mentioned in more detail?**

**Roder:**

What's special about My Finance Coach is that our employees visit schools in person and tackle the topic of money from the pupils' perspective – without referring to Allianz by means of logos or giveaways. Instead, they go through basic financial topics, such as mobile phone contracts or handling pocket money, that pupils have to deal with in their everyday lives. Our employees provide youngsters with the knowledge they need to make independent decisions. They highlight tangible, positive, and emotional aspects and in doing so fire enthusiasm in many of the pupils for a supposedly dry subject.

**Deuringer:**

The finance-related information offered by Finance from A-Z focuses on several individual stages of life – from estate planning, marriage, parenthood and education through to retirement – thus addressing a wide audience. The information is accessible for free via the Internet and is a new and rather easy way of approaching the matter of financial services, which many people previously found heavy going. Here too, light is thrown on financial topics from personal perspectives, in order to establish a direct relationship with the user's own life and bring transparency to the user's own personal requirements. Furthermore, users' attention is drawn to aspects that they may not yet have considered, such as loan repayments. The

important thing here is that ideally this leads naturally to a personal consultation with a qualified advisor. Incidentally, Finance from A-Z is only the starting point of an Allianz information offensive across a range of digital channels.

## 5.2 Our approach

It is 9.30 am on a December morning in 2009 and two Allianz employees, Erika Süßner and Werner Waldner, have gone back to school. They have taken up an invitation to share what they know about financial matters with a class of 15 children. The lesson kicks off with a simple question: "Where do you get money from?" Several hands shoot up. Erika and Werner write a whole list of answers on the board. Later in the lesson they use the example of buying a pair of jeans to show that a clothes shop is only one place where goods have to meet the needs and desires of customers.



This lesson is part of a new Allianz corporate volunteering project known as My Finance Coach, which aims to liven up the seemingly dry topic of finance for children. Erika was delighted about how open and friendly the children

were and commented on their real thirst for knowledge: "A great experience!"

### Improving financial understanding

My Finance Coach is a good example of our efforts to improve financial understanding in society and support the development of financially responsible individuals. We follow a multi-level approach:

- Sharing our financial expertise and fostering community relationships, as exemplified by our My Finance Coach and Social OPEX initiatives
- Working to create a greater financial understanding among the general public through a customer-orientated approach, for example through open web platforms that make basic information on financial topics accessible

Roder:

Our basic concern is the same everywhere: We want to enable people to make independent and better financial decisions as informed consumers, and to make good provisions for themselves and their family throughout the various stages of their lives.



### My Finance Coach: Taking finance into schools

We teamed up with partners from education and politics and cooperated closely with schools to launch the independent My Finance Coach initiative. Allianz

employees and agents are trained to use learning modules in order to encourage pupils to come to terms with the world of finance. The topics dealt with in the classrooms include saving, buying, planning and making financial decisions. In 2010 we plan to visit at least 450 schools across Germany. In February 2010 we also set up an independent Advisory Board to ensure the quality of the content and the method of delivery. The Advisory Board, which is comprised of five high-ranking representatives from academia, schools, teachers' unions and the media, is in every respect independent of our company's strategic interests.

Barbara Roder, Project Manager of My Finance Coach, sums up the initiative's goal: "We aim to empower young people to become aware of their own needs and provide them with all the competencies they need for successful and self-directed decision-taking in relevant economic areas." Allianz sees this as a long-term measure to build up trust through knowledge, and not as a marketing or sales tool.



### Social OPEX:

Operational excellence for the non-profit sector  
Social initiatives can be drivers of change, but social entrepreneurs sometimes lack the business know-how needed to create an effective

and efficient organization and often struggle to achieve sustainable growth. At Allianz we firmly believe that our senior employees should be given the chance to transfer their business and financial skills to other sections of society such as the social enterprise sector. That is why our Social OPEX program was set up to bring Operational

Excellence (OPEX) and other business skills to social organizations. OPEX aims to substantially increase process efficiency while simultaneously improving customer service capabilities. At the same time, we have seen that Social OPEX helps to strengthen both the competencies of social entrepreneurs and of our employees.

**This example illustrates what Social OPEX means in practice**

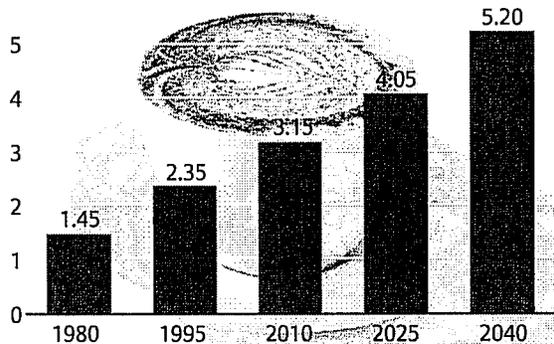
From December 7-11, 2009 the Allianz Social OPEX coaches Elisabeth Schwager, David Street and Vanja Sinanovic-Absmaier worked with the education charity MyBnk in London, UK. MyBnk works with young people to improve their knowledge, confidence and skills so they can manage their money effectively. The three Allianz coaches were there to support the charity's

Social Franchising Model project and deployed a number of OPEX tools with the MyBnk team. All three were impressed by how enthusiastic the MyBnk team was about the OPEX methodology: "We met a lot of really interesting and very different people and were truly inspired by everyone's entrepreneurial spirit and the work MyBnk is doing."

**Finance from A-Z: Providing answers on financial planning**  
Allianz also aims to improve the general public's financial literacy through information platforms such as our website Finance from A-Z. This website takes an up-to-date approach to presenting finance-related topics and focuses on various stages of life: education, career, marriage, home ownership, parenthood, estate planning and retirement. The website is strongly user- and customer-oriented, providing free practical advice and invaluable information on financial questions.

This Internet portal, which was developed in collaboration with Time Warner and Time Inc., aims to make the world of personal finance more accessible, less complicated and more useful to the general public in their everyday lives. One example of a tool to demonstrate this is the Price Predictor, which illustrates how the cost of common items changes over time. It shows the increasing costs from 1980 in 15-year intervals, including predicting the price in 2040, and makes the importance of financial tools, such as budgeting, more tangible.

Price development of a "small coffee latte to go" (in US \$)



Source: [www.financefroma-z.com/global/price-predictor](http://www.financefroma-z.com/global/price-predictor).

## IV Glossary

### A

#### Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is an independent, not-for-profit organization. It has set itself the target of establishing greater transparency in companies' carbon dioxide emissions and thus to lay the foundations for efficient climate protection. Thousands of organizations from across the world's major economies measure and disclose their greenhouse gas emissions and climate change strategies through the CDP. Based on this primary corporate information, the CDP operates the largest climate-change database in the world.

### C

#### Code of Conduct

The Allianz Code of Conduct shapes our corporate culture of responsibility. The Code forms the basis of all other principles and policies and is binding for our employees worldwide. Since the ten principles of the United Nations Global Compact have also been integrated into this Code of Conduct, it additionally acts as a basic guideline for our all activities in the field of sustainable development.

#### Compliance

Compliance refers to the adherence to national and international laws and guidelines, as well as to voluntary codes within a company. Dedicated Compliance Departments monitor the observation of the relevant guidelines on such matters as insider trading, money laundering, and conflicts of interest.

#### Corporate Citizenship

Corporate Citizenship is the standard international term for companies' systematically managed voluntary social commitment. A prerequisite of successful Corporate Citizenship is a medium and long-term corporate strategy that is strongly oriented towards the principles of responsible business. Companies become actively involved for the community beyond the boundaries of their own business activities as "good citizens." In this commitment they make financial, material and/or human resources available.

#### Corporate Giving

Corporate Giving is one of the ways a company can choose to become committed as a Corporate Citizen. Within Corporate Giving, a company can support non-profit organizations, projects, or initiatives through donations, for instance. A further option is to set up charitable foundations.

#### Corporate Governance

The term Corporate Governance covers a range of processes that serve responsible company management. Corporate Governance ensures that legal and economic framework conditions are in place for the successful leadership and monitoring of companies. Its range of tools includes rules based on established company law as well as guidelines, standards, commitments, and societal conventions. The aim of Corporate Governance is to create transparency, to foster confidence in the company's management, and thus to make a contribution to creating company and societal value.

#### Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the commitment of a company to contribute to environmental protection, to act according to social principles, and to give thorough consideration to corporate governance aspects, thereby exceeding legal requirements. CSR demands that businesses measure their performance along the triple bottom line of people, planet, and profit to foster sustainable development.

#### Corporate Volunteering

The term Corporate Volunteering describes the unremunerated involvement of employees, supported by the employer, for the benefit of societal or environmental initiatives. Making employees available for these purposes represents an opportunity for a company to become involved as a Corporate Citizen and meet its responsibilities to society.

**D****Deferred Compensation Schemes**

Deferred compensation schemes are pension schemes, whereby a portion of the employees' salaries is used to build up company pension benefits instead of being paid out immediately. This reduces the amount of taxable income. Examples of deferred compensation include pensions, retirement plans, and stock options.

**Demographic Change**

Demographic change describes alterations in the age distribution of population segments. For example, due to lower birth rates and longer life expectancy the populations of developed countries are aging. As a result of this development, society is facing a multitude of challenges in the areas of private pension cover, financial management for the elderly, and social security systems.

**Diversity**

Diversity encompasses and promotes all that is essentially human – individual characteristics and cultural backgrounds. Diversity takes into account people of different generations, sexes, ethnicities, religions, physical abilities, and sexual orientation – to name just a few.

**Dow Jones Sustainability Indexes**

Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes to track the financial performance of the leading sustainability-driven companies worldwide. Based on the cooperation of Dow Jones Indexes, STOXX Limited, and Sustainable Asset Management (SAM) they provide asset managers with reliable and objective benchmarks to manage sustainability portfolios.

**E****Emissions Trading**

Emissions trading was established in the Kyoto Protocol to act as a flexible instrument for the cost-effective reduction of greenhouse gas emissions. The leading world emissions trading system is the European Union Emission Trading Scheme, which was launched on January 1, 2005. The system issues certificates to companies which give them the right to emit certain levels of carbon dioxide (CO<sub>2</sub>). If a company emits a lower amount of CO<sub>2</sub>, it may sell its excess capacities in the form of certificates. If the opposite is the case, it is required to purchase additional certificates.

**Emerging Risks**

Emerging risks are developing or changing risks which are difficult to quantify and the impacts of which are uncertain. Economical circumstances, societal changes, and new technologies are creating these new risks, for example cyber risks, stress at work, nanotechnology, mega-tsunamis or aging infrastructures. Emerging risks may have a major impact on society as well as on an insurer's book of business.

**Environmental, Social, and Governance Criteria**

The concept of Environmental, Social, and Governance Criteria (ESG) has become established in the financial sector as a guidance system for Socially Responsible Investment decisions. ESG supports the evaluation of sustainable performance and thus also of a company's economic and investment portfolio performance. ESG integrates qualitative aspects in investment decision-making that have not yet been given due attention from the point of view of business finance.

**F****Financial Literacy**

Financial literacy is a key requirement for stable, sustainable economic development. Individuals with a sound grasp of financial matters are better able to evaluate financial products and services and to avoid unnecessary risks. Broad financial literacy in society therefore leads to increased demand for transparent, sound financial products and services and helps to counteract the formation of speculative bubbles. For these reasons Allianz has launched several initiatives to promote financial literacy.

**Flood Bonds**

Flood bonds are investment tools which cover operational losses caused by environmental disasters. They are a developing trend in the financial industry – a convergence between the insurance, capital markets, and derivatives sectors.

**Financial Times & London Stock Exchange – FTSE4Good**  
FTSE is a company jointly owned by The Financial Times and the London Stock Exchange. The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognized corporate responsibility standards, and to facilitate investment in those companies.

**2° – German CEOs for Climate Protection**

Leading German companies, including Allianz, founded the “Initiative 2° - German CEOs for Climate Protection” in 2007. This body seeks to support political decision-makers in establishing framework market-economy conditions for climate protection. The Initiative also works to activate German companies’ resources in the search for climate protection solutions. The overriding goal of the initiative is to limit global warming to no more than 2°C above pre-industrial levels.

**G****Global Reporting Initiative**

The Global Reporting Initiative (GRI) is a network-based organization that issues the GRI guidelines – a voluntary sustainability reporting framework. These guidelines are internationally recognized and contain a large number of indicators relating to the economic, ecological, and social performance of companies. The GRI framework includes standard guidelines applicable to all companies, as well as individual sector supplements. These indicators should be taken into account when preparing Sustainability or Corporate Responsibility Reports.

**Goldman Sachs SUSTAIN Climate Change Research**

Goldman Sachs (GS) SUSTAIN is a global equity strategy that brings together environmental, social, and governance (ESG) criteria, broad industry analysis, and return on capital to identify long-term investment opportunities.

**Greenhouse Gas**

Greenhouse gases are a group of gases, both natural and anthropogenic, that are present in Earth’s atmosphere. They allow sunlight (short-wave solar radiation) to enter the atmosphere where it warms the surface, is reflected back as longer-wave energy and absorbed as heat, effectively creating an atmospheric blanket around the planet – a phenomenon known as the “greenhouse effect.” The main greenhouse gases in the Earth’s atmosphere are water vapor (H<sub>2</sub>O), carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>) and ozone (O<sub>3</sub>).

**Greenhouse Gas Protocol**

Greenhouse Gas (GHG) Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage GHG emissions. It was jointly developed by the World Business Council for Sustainable Development and the World Resources Institute.

**M****Materiality Matrix**

The Materiality Matrix is a core tool supporting the systematic selection of and focus on key issues for a Sustainability or CR Report. The most important topics for the report are entered into the matrix on two axes that reflect their degree of materiality (relevance), both from a company-internal as well as an external stakeholder perspective. The Materiality Matrix also indicates the cross-media distribution of topics. In this way the matrix improves the target-group orientation of the report and improves its readability.

**Microfinance Institution**

A microfinance institution is an organization that provides financial services to the poor. This very broad definition includes a wide range of providers that vary in their legal structure, mission, and methodology. However, all share the common characteristic of providing financial services to clients who are poorer and more vulnerable than traditional bank clients.

**Microinsurance**

Microinsurance provides essential cover to families and individuals who have no access to basic social protection. Microinsurance products provide people living on or below the poverty line with a health and financial safety net that enables them to survive risks that would otherwise shatter their lives, for example death of a close relative, disability or substantial damage to their homes. Microinsurance products have premiums as low as €0.10 per month, putting this essential cover within reach of even the poorest households.

**O****Organisation for Economic Co-Operation and Development**

The Organisation for Economic Co-Operation and Development (OECD), which traces its roots to the Marshall Plan, groups 31 member countries committed to democratic government and the market economy. It provides a forum where governments can compare and exchange policy experiences, identify good practices, and promote decisions and recommendations. The Organisation's mission is essentially to work toward a stronger, cleaner, fairer world economy. It helps governments and society reap the full benefits of globalization while tackling the economic, social, and governance challenges that can accompany it.

**oekom research**

oekom research, established in 1993, is one of the leading ratings agencies for sustainable investment. Specialized analyst teams evaluate companies, organizations, and states that issue shares, securities, and bonds from the perspective of their societal and environmental performance. These ratings are carried out on a sector-specific basis.

**R****Renewable Energy**

Renewable energy is derived from natural processes that are constantly replenished. In its various forms, it derives directly from the sun, or from heat generated deep within the Earth. Included in the definition are electricity and heat generated from solar, wind, ocean, hydropower, biomass, or geothermal resources, and biofuels and hydrogen derived from renewable resources.

**Risk Management**

Risk management can be considered as the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risks can come from uncertainty in financial markets, project failures, legal liabilities, credit risk, natural causes and disasters, as well as deliberate attacks from an adversary.

**S****Sustainable Asset Management**

Sustainable Asset Management (SAM) is an investment group focused on sustainability investing and is located in Zurich. The firm's offering comprises asset management, indexes, and private equity; its best-known product is the Dow Jones Sustainability Index. Its asset management capabilities include a range of single-theme, multi-theme and core sustainability investment strategies catering to institutional asset owners and financial intermediaries in Europe, the U.S., Asia-Pacific, and the Middle East.

**Socially Responsible Investments**

An investment is considered sustainable and responsible because of the nature of the business the company conducts. Common themes for sustainable and responsible investments include avoiding investment in companies that produce or sell addictive substances and seeking out companies engaged in environmental sustainability and alternative energy/clean technology efforts. Sustainable and responsible investments can be made in individual companies or through a socially conscious mutual fund or exchange-traded fund.

**Stakeholder (incl. Stakeholder dialog)**

Stakeholders are all groups with a direct or indirect relationship with or interest in a company. Alongside shareholders, stakeholders also include for example employees, customers, suppliers, the media, non-governmental organizations, society, policymakers, and science and research. Current and future potential conflicts can be identified through stakeholder dialogs. Companies and institutions are able to use these dialogs as opportunities to focus their activities better on the requirements of the relevant stakeholder groups.

**Sustainable Development**

Sustainable development is a type of development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development ties together concern for the carrying capacity of natural systems with the social challenges facing humanity.

**U****Underwriting**

The process by which a member of an insurance company acts on behalf of his or her employer to negotiate, accept, or reject the terms of an insurance contract.

**United Nations Global Compact**

The United Nations (UN) Global Compact is a voluntary pact between companies, organizations, and the UN under which members sign up to ten principles from the fields of human rights, labor standards, environmental protection, and anti-corruption. They act together in their commitment to establishing and implementing the principles within their own companies. The UN Global Compact is the largest multi-stakeholder network in the field of corporate responsibility and now boasts more than 5,000 member companies.

**United Nations Environment Programme Finance Initiative**

The United Nations Environment Programme Finance Initiative (UNEP FI) is a global partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works with nearly 200 financial institutions who are signatories to the UNEP FI Statements, and with a range of partner organizations to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research, and training, UNEP FI carries out its mission to identify, promote, and realize the adoption of best environmental and sustainability practice at all levels of financial institution operations.

**V****Vigeo**

Vigeo is a corporate social responsibility ratings agency founded in France in 2002. Vigeo assesses the degree to which companies take into account environmental, social, and corporate governance objectives, which constitute risk factors for them in the definition and implementation of their strategy and policies.

**W****World Business Council for Sustainable Development**

The World Business Council for Sustainable Development is a global association of some 200 companies from 35 countries and 20 different sectors dealing with business and sustainable development. The Council sees itself as a best-practice platform for companies to explore sustainable development, share knowledge, experience, and best practices, and to advocate business positions on these issues in a variety of forums, working with governments and with non-governmental and intergovernmental organizations.

**World Economic Forum**

The World Economic Forum is a Swiss non-profit foundation. It strives for a world-class corporate governance system in which values are as important a basis as rules. Its motto is "entrepreneurship in the global public interest." It believes that economic progress without social development is not sustainable, while social development without economic progress is not feasible. It brings together business leaders, political leaders, intellectuals, and journalists to discuss the most pressing issues facing the world, including health and the environment.

**World Wide Fund For Nature**

The World Wide Fund For Nature (WWF) is one of the world's largest nature conservation organizations. It is active in over 100 countries and enjoys the support of around five million contributing members worldwide. WWF was founded in Switzerland in 1961 and today its global network comprises 59 national sections, Program Offices and partner organizations.

## 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. In addition to statements which are forward-looking by reason of context, the words "may," "will," "should," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The company assumes no obligation to update any forward-looking statement.

### No duty to update

The company assumes no obligation to update any information contained herein.