

EMBRACING THE FUTURE

ENCOURAGING SOLUTIONS FOR
TOMORROW'S CLIMATE AND
A MORE INCLUSIVE SOCIETY



ALLIANZ AT A GLANCE

WE ARE ALLIANZ

Allianz is one of the strongest financial communities in the world. More than 86 million customers in more than 70 markets rely on our comprehensive range of insurance products and funds. Allianz stands for trust, based on the integrity, resilience and dedication of our over 140,000 employees. Our customers are at the heart of our business. We strive for profitable and sustainable growth and support our customers to address tomorrow's challenges.

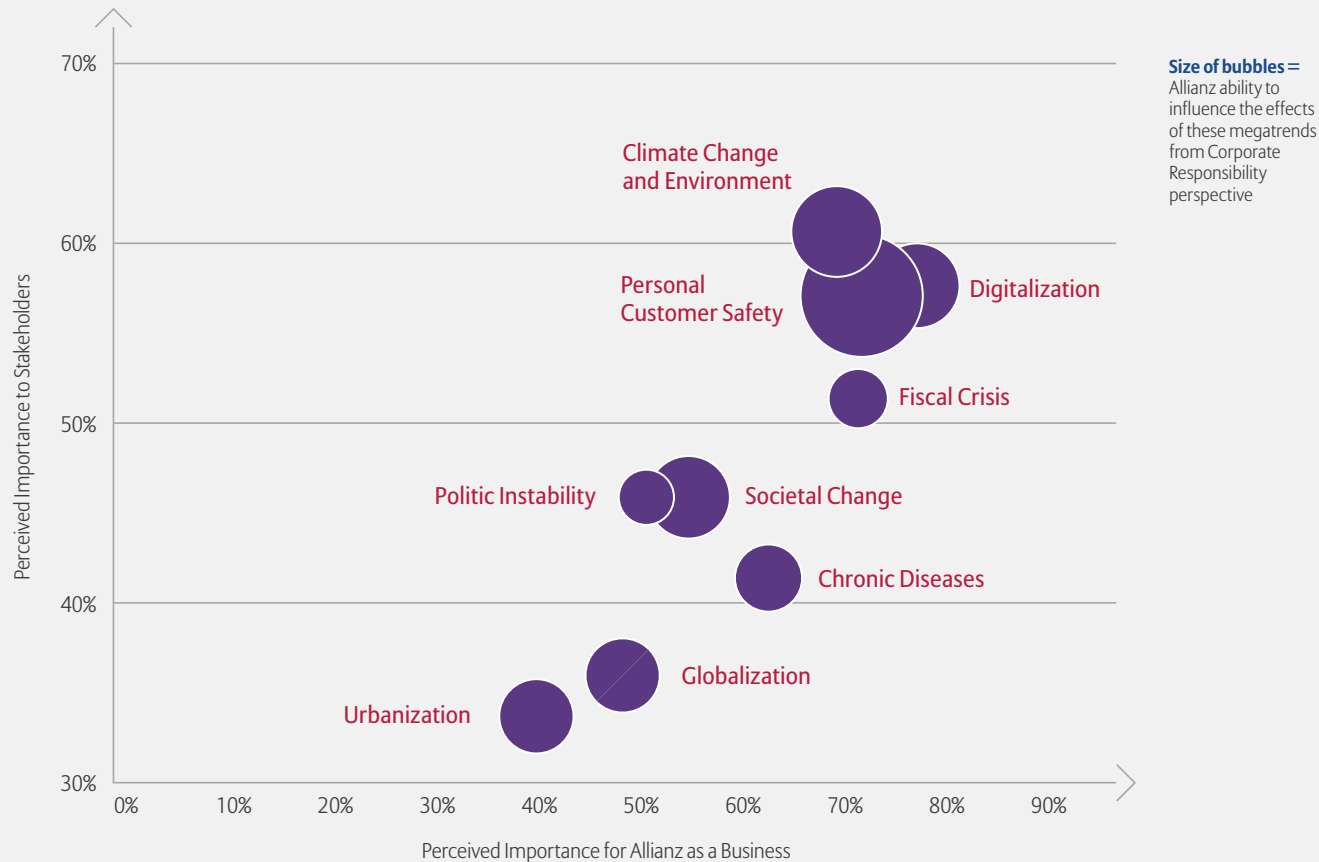
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STAKEHOLDER SURVEY AND MATERIALITY ASSESSMENT 2016

PERSONAL IMPORTANCE OF MEGATRENDS TO STAKEHOLDERS AGAINST PERCEIVED IMPORTANCE OF TREND TO ALLIANZ



The matrix shows the relative personal importance of megatrends to stakeholders against the perceived importance of the trend to Allianz. Additionally, we have evaluated our ability to influence (bubble size) the impact of these trends through the solutions we provide and the contribution we make – which provides a strategic focus for our overarching Corporate Responsibility Strategy.

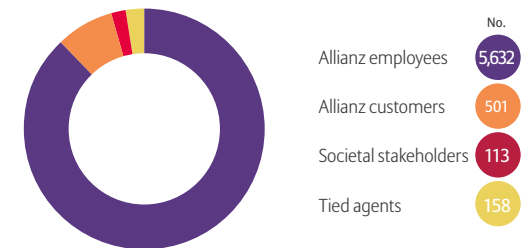
We have used the outcomes of this assessment to guide our reporting of issues and performance for 2016 and we will continue to use the insights to further develop our sustainability reporting, strategy and roles in the coming years.

STAKEHOLDER SURVEY

Our most material issues are those that are perceived as vital for business success and sustainability by our stakeholders and by Allianz. We engage with key stakeholder groups to identify what they see as materially important for sustainable development at Allianz. The insight they provide enables us to focus our sustainability strategy, activities and reporting on the right areas.

In 2016, GfK SE surveyed over 6,000 individual stakeholders about what they see as the most important global issues for Allianz and the potential solutions we provide. The results were validated via several internal workshops involving experts from departments including: Group Strategy, Group Market Management; Corporate Communications; Allianz Climate Solutions; Corporate Responsibility; and Human Resources. All stakeholders viewing are weighted evenly so they are not disproportionately affected by the number of responses.

Stakeholders surveyed



OUR CORPORATE RESPONSIBILITY STRATEGY

INFLUENCED BY THE OUTCOMES OF THE MATERIALITY ANALYSIS



- Climate change and environmental issues
- Personal customer safety
- Societal change

WE HAVE ALIGNED OUR STRATEGY TO THREE PILLARS



Providing solutions for tomorrow's climate through low-carbon investments, Sustainable Solutions, and efficient operations



Unlocking solutions for a more inclusive society and a resilient future



Fostering integrity by being transparent and integrating ESG into our core business

AND TRANSLATE THOSE INTO FIVE ROLES ALLIANZ PLAYS IN SOCIETY



Taking a long-term view of the world to help our customers manage risk
 See more on page 7



Making investment decisions that foster sustainable markets and societies
 See more on page 8



Demonstrating integrity, competence and reliance in everything we do
 See more on page 9



Fostering a working environment where both people and performance matter
 See more on page 10



Acting as a committed corporate citizen and building stronger communities
 See more on page 11

INTRODUCTION FROM THE CEO



70%

score in the Inclusive Meritocracy Index

55%

of the business segments measuring NPS*, significantly performed above the market average

72%

Employee Engagement Index score

Gold Class

Sustainability Award by RobecoSAM (DJSI)

WHY IS SUSTAINABILITY IMPORTANT FOR ALLIANZ?

Insurers are tied by the nature of their business to healthy and sustainable developments in society. We can and must be a force for good. We help our customers to cope with challenges such as climate change and natural catastrophes, personal safety and data security risks and momentous changes sweeping society. As a global insurer and long-term investor, sustainability is part of our DNA. We think in long-term outcomes and how we can make the world a more resilient place.

WHAT IS THE FOCUS OF YOUR CORPORATE RESPONSIBILITY STRATEGY?

The newly adapted Corporate Responsibility Strategy is built on three pillars: Low-Carbon Economy, Social Inclusion, and Business Integration. And we're already putting this into practice. We strongly support the renewable energy transition and decarbonization of the economy through sustainable investments in things like wind parks. We have, as a company, shrunk our own carbon footprint. We support children and youth through our Encouraging Future Generations Program, which empowers young people to grow with confidence and shape resilient, more inclusive societies.

And we integrate Environmental, Social, and Governance (ESG) principles throughout our investment and insurance business by holding business decisions up to the light and asking ourselves, 'Will this benefit society and our customers in the long term?'

HOW DO YOU APPLY SUSTAINABILITY PRINCIPLES?

We apply sustainability principles across our entire business. We promote strong, sustainable portfolios using ESG considerations and our customers' long-term interests. This benefits our business for sure – like I said, we take the long-term view – but it also has a huge positive impact on our employees, our stakeholders, and society at large. In 2016, for example, we introduced the Allianz ESG Scoring approach for investments, which allows us to manage our portfolio taking sustainability into consideration.

WHAT MADE 2016 SPECIAL FOR YOU?

Perhaps the greatest moment was launching our new Social Inclusion program, Encouraging Future Generations, and our partnership with SOS Children's Villages. I know we can support young people worldwide and Allianz is deeply committed to promoting equality and social inclusion. I want Allianz to lead a transition in culture worldwide where sustainable, responsible business becomes the norm.

WHAT KEEPS YOU UP AT NIGHT?

What I worry about is climate change, which poses the biggest threat. This is one reason why we no longer finance coal-intense business models and will double our equity investments in renewable energy.

Embedding sustainability in all parts of our business doesn't happen overnight. It is an ongoing process. We have already made great strides and are recognized as best-in-class, as the Dow Jones Sustainability Index rating shows. We rose six percentage points on the scale and climbed to Gold from Bronze in the rating in 2016, making Allianz the highest placed primary insurer.

But we can still do better. We need to continually improve our reporting and transparency practices. This is why we introduced external auditing for our sustainability data and information in 2016 to underscore the accuracy of our Sustainability Report.

Allianz is leading this global transformation from the front. That's what our customers expect from us and that's what I expect from the people at Allianz who serve them. Our own self interests are inseparable from those of a healthy, sustainable society. We will use our position of strength to help make the idea of a better, healthier, and cleaner tomorrow become real.

*Sincerely yours -
Oliver Sale*

Chairman of the Board of Management, Allianz SE

* Focus on retail business average.

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

KPI

1.9 billion

Euro new debt and equity investments in renewable energy

KPI

156

Sustainable Solutions

KPI

100%

score for ESG in insurance integration by DJSI



SUSTAINABLE INSURER

Revenues increased to 302.5 million Euro in the emerging consumers market

1.1 billion Euro revenue generated through Sustainable Solutions



See more on page 7



RESPONSIBLE INVESTOR

225 million Euro in equity divested from coal-based business models

Launched new ESG Scoring approach



See more on page 8



TRUSTED COMPANY

-25.3% CO₂ emission reduction per employee since 2010

+2,200 leaders trained in Integrity



See more on page 9



ATTRACTIVE EMPLOYER

37.2% of Allianz managers were women

64% score in Work Well index



See more on page 10



COMMITTED CORPORATE CITIZEN

Launched Encouraging Future Generations Program including a three-year partnership with SOS Children's Villages

19.4 million Euro corporate giving in 2016



See more on page 11



OUR ROLE AS A SUSTAINABLE INSURER

By the very nature of what we do – protecting people and businesses against risk – we focus on our customers and take a long-term view of the world. Integrating environmental, social and governance (ESG) issues into our insurance business is fundamental, and creating new markets for products that enable sustainable development and support a low-carbon future brings significant opportunities for growth.

The continuing boom in sustainable and innovative products shows how insurance can positively impact on society and the environment, while serving customers and businesses. Low-carbon and socially responsible products are becoming increasingly popular – enhancing customers' quality of life and incentivizing low-carbon behaviors.

As part of our Sustainable Solutions, we create products that improve peoples' lives. We are a leader in the emerging consumers sector and have already reached over 55 million people on low incomes in Asia, Africa and Latin America with affordable microinsurance, micro-savings and micro-equity solutions.

Through online technologies, more customers can find out about, buy and interact with our products. This is especially important in emerging markets. Our priority is to ensure the customer's experience is consistent on- or offline.

Our positive reputation is built on the trust that customers, shareholders, employees and the general public have in our integrity. This trust depends on the quality of our products, the way we inform and advise our customers, and on the personal conduct and capability of our sales employees and representatives.

2016 HIGHLIGHTS

- 508 insurance and investment transactions assessed for ESG risks.
- 100% score for ESG in insurance integration by Dow Jones Sustainability Index.
- 1.1 billion Euro revenue generated through 156 Sustainable Solutions.
- 55.3 million customers in the emerging consumers market.



OUR ROLE AS A RESPONSIBLE INVESTOR

As a large asset manager and investor, we take environmental and social risks very seriously. We seize on opportunities to maximize the value we can create in these areas. Our roles as an investor are two-fold. Firstly, we invest proprietary assets (mainly the premiums collected from our insurance customers) and we also invest assets on behalf of customers through our third-party asset management business. Both of these roles come with implicit responsibilities.

At Allianz, responsible investment means systematically integrating environmental, social and governance (ESG) factors into all our investment decisions. Allianz SE and our asset managers, Allianz Global Investors (AllianzGI) and the Pacific Investment Management Company (PIMCO), are all individual signatories to the United Nations supported Principles for Responsible Investment (PRI). These principles guide our approach to responsible investment and drive continuous improvement across our businesses.

As one of the world's largest institutional investors, we can play a key role in building a low-carbon economy. By investing our proprietary assets in energy-efficient real estate and renewable energy, we help reduce climate emissions and create sustainable economic growth. In the current low interest rate environment, such investments can offer stable, long-term returns and increase portfolio diversification – benefiting our customers, our business, and the environment.

2016 HIGHLIGHTS

- 1.9 billion Euro new debt and equity investments in renewable energy, bringing the total to date to 4.6 billion Euro.
- Group-wide divestment of 225 million Euro in equity and run-off of 3.9 billion Euro in fixed income from coal-based business models.
- ESG Scoring tool introduced to better inform investment selection and management of ESG risks and opportunities in fixed income securities and listed equities.
- 128.2 billion Euro Sustainable and Responsible Investments (SRI) across AllianzGI and PIMCO.
- Allianz and International Finance Corporation (IFC) signed partnership to invest in emerging markets infrastructure.



OUR ROLE AS A TRUSTED COMPANY

To develop the right products for our clients and interact with them as effectively as possible, we need to understand what they want from us. The model we are using is very simple: measure, analyze, act. We make it come to life by collecting feedback directly from our customers, using tried and tested survey tools and methodology, then following up on what they tell us by taking direct action.

The insurance industry has been trying to make it easier for anyone to make provisions for the years ahead. Digitalization is enabling social inclusion but it comes with data security risks. It is the insurance sector's responsibility to balance universal access and protecting customer privacy. To ensure these advances do not compromise data security and privacy, we are closely involved in political engagements on the update and modernization of European privacy legislation.

Our Digital by Default strategy is taking us towards paperless communication, simplified product design and digital servicing to customers in our markets.

Our strategy is built on reinforcing the trust our customers have in Allianz through demonstrating integrity, competence and resilience in everything we do. Behind the scenes, we work hard to build a culture of compliance, ethical decision-making and good governance.

Our approach encompasses a wide range of focus areas: ensuring robust privacy controls to give our customers the peace of mind that their personal information is safe and secure; adopting the highest ethical standards and acting with integrity by providing the strongest leadership through our two-tier Board system, Code of Conduct and internal controls; managing our environmental impacts with a particular focus on climate change; and extending our approach by managing risk and promoting sustainability in our supply chain.

2016 HIGHLIGHTS

- 55 % of the business segments measuring NPS*, significantly performed above market average or even achieved loyalty leadership in their market.
- CO₂ emissions down 25.3% per employee since 2010.
- Since its introduction, 254 suppliers have signed our Vendor Code of Conduct.

* Focus on retail business



OUR ROLE AS AN ATTRACTIVE EMPLOYER

We depend on having the best people in place and keeping them motivated and engaged to successfully deliver our business strategy and goals. Our approach is based on managing and rewarding talent, promoting inclusivity and employee rights, and supporting wellbeing and engagement – underpinned by strategic HR frameworks, principles and tools. These include globally consistent 4x3 People Attributes along the people value chain, from recruiting and talent management to learning and performance management. The Group Chief HR Officer is responsible for all people-related activities and reports directly to the CEO.

In the face of a rapidly changing context, ensuring that all our employees continuously develop their skills and have the opportunity to reach their full potential enables us to remain agile and responsive. This is why we launched 'AllianzU' (Allianz University) in 2016. Our new learning platform will enable us to provide every employee across the entire Group with the right development program to support their continuous development.

Allianz is proud of its diverse workforce. We believe in the positive effect of having people from different backgrounds working together to keep our company strong and innovative.

We make employee engagement a high priority as we work to build a committed workforce that performs with integrity and delivers a strong customer focus. Over the past six years, the Allianz Engagement Survey (AES) has established itself as a valuable employee feedback platform for gathering feedback on a range of topics, including those that promote a high-performance culture.

We depend on a healthy workforce, and we support our employees through a range of initiatives that create a productive and health-promoting workplace. Throughout the Group, we offer a variety of activities, tools and materials that support employees to prioritize health and avoid stress. For example, our global Work Well program focuses on systematically analyzing root causes of work-related stress, identifying effective solutions and making changes to the work environment that enable our employees to realize their full potential.

2016 HIGHLIGHTS

- 72% Employee Engagement Index score.
- Our highest score to date of 70% in the Inclusive Meritocracy Index (IMIX).
- 37.2% of Allianz managers are women.



OUR ROLE AS A COMMITTED CORPORATE CITIZEN

As a global company, we believe acting as a responsible corporate citizen is good for society and good for business. Stronger communities support a more stable economy and create resilient markets for our products and services.

In 2016, we reshaped our corporate responsibility approach to scale up our contribution towards developing stronger, more inclusive communities. Social inclusion is one of our global challenges. We believe young people today hold the key to unlocking the solutions society needs for a better tomorrow. That is why we have launched Encouraging Future Generations, our new program that is the cornerstone of our social inclusion approach. It provides a global framework and focus to scale up Allianz's social contribution and builds on the success of projects carried out by our operating entities.

Our global partnership with SOS Children's Villages is aimed to support young people from challenged backgrounds to develop the skills and experience they need to succeed through education and participation.

We share our collective financial and business skills to assist charitable organizations. Volunteering helps to build skills and motivation that can be brought back into the workplace.

In 2016, our employees completed a total of more than 93,000 hours of corporate volunteering around the world.

2016 HIGHLIGHTS

- 19.4 million Euro corporate giving (2015: 22.6 million Euro).
- Launched the Group-wide social program, Encouraging Future Generations.
- New three-year global partnership with SOS Children's Villages.
- 5th Annual Berlin Demography Forum (BDF).

PRODUCTS AND PROJECTS HIGHLIGHTS 2016



INTRODUCING THE ALLIANZ CLIMATE AND ENERGY MONITOR

In 2016, Allianz launched its first Climate and Energy Monitor, and commissioned NewClimate Institute and Germanwatch to assess the investment needs of the world's G20 countries to deliver an energy transition, as well as their attractiveness as potential destinations for investment in low-carbon electricity infrastructure.



ALLIANZGI: ALLIANZ RENEWABLE ENERGY FUND 2

The transition to a low-carbon economy requires large-scale investments in renewable energy sources. An example for such investments is the continuing growth of the AllianzGI Infrastructure Equity Team. By November 2016, with the successful final closing of its second closed-end Allianz Renewable Energy Fund (AREF2) the team raised approx. 350 million Euro. The acquired solar and wind assets are located in Germany, Sweden and the UK, and generate enough renewable energy to supply over 450,000 households.



OUR GLOBAL PARTNERSHIP WITH SOS CHILDREN'S VILLAGES

In August 2016, Allianz and SOS Children's Villages – the largest non-governmental organization focusing on supporting children without parental care and families at risk – announced a new global three-year partnership. It will see Allianz companies and employees support SOS Children's Villages across the globe. We will work together to tackle three key focus areas where our shared skills can achieve the most impact: youth participation, youth development and emergency preparedness and safety.



VISION SUMMIT ON SOCIAL INCLUSION

In November 2016, Allianz hosted the first Vision Summit on Social Inclusion. 500 stakeholders from business, academia and civil society met with young people to discuss how societal participation of different groups can be improved. Among the distinguished speakers was Muhammad Yunus, Nobel Peace Prize winner for peace.



TESTING A NEW MODEL OF MICRO-EQUITY IN INDONESIA

In June 2016, we launched a new micro-equity program in Indonesia. Our aim is to help transform informal micro-enterprises into formal companies that create reliable employment. The model is compliant with Islamic finance principles and relies on digital money. The investees receive start-up financing of as low as 75 U.S. Dollars, at no interest, without collateral and on flexible repayment plans. Successful investees who return their investment with voluntary profit sharing will be selected for mentoring – with the ultimate target of company formalization, allowing Allianz to take a minority stake in these companies.

SUSTAINABILITY RATING ACHIEVEMENTS

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good



DOW JONES SUSTAINABILITY INDEX (DJSI)

Allianz has been included in the Dow Jones Sustainability Index since 2000. We are the highest ranked primary insurer achieving a Gold rating. We have been recognized particularly for being one of the industry leaders in the areas of: Risk Detection, Financial Inclusion, Environmental Reporting and ESG Insurance Integration.

FTSE4GOOD INDEX

Included since 2001, Allianz is one of the longstanding members of the FTSE4Good Index series. In the 2016 assessment, we were ranked in the top 3% of our sector.

MSCI RATING

In 2016, Allianz once again received AAA rating from MSCI ESG Research. We are one of the top performers in our sector.

TOP SUSTAINABILITY RATING FOR OUR MUNICH OFFICE

In 2016, Allianz Deutschland AG opened its new building in Unterföhring in Munich which has been awarded a DGNB Platinum rating by the German Sustainable Building Council as one of the most sustainable buildings in Germany. The building is heated by geothermal energy and uses electricity from hydropower. Energy consumption is reduced through state-of-the-art solutions. Sourcing of ecological materials added to the overall sustainability of the building.



SUSTAINABILITY AWARDS

In addition to achieving top positions in sustainability ratings and sustainability indices, Allianz received the RI Magazine Runner Up Prize 2016 for Best RI Report 2014 and the Gold Class Sustainability Award by RobecoSAM (DJSI).

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

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We welcome your views

Please find our full Sustainability Report 2016 and further documentation on our [website](#)

We warmly invite all our stakeholders to provide feedback and comments on our Sustainability Report.

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Watch our short [Sustainability Video](#) to find out more.



