

## **Significant Differences between NYSE Corporate Governance Standards and Allianz SE's Corporate Governance Practices**

This document summarizes the significant differences between the corporate governance standards set forth by the New York Stock Exchange (NYSE) for U.S. companies listed on the NYSE and German and European corporate governance practices as Allianz SE's (formerly "Allianz Aktiengesellschaft" or "Allianz AG") has implemented them.

### **In General**

Allianz SE (the "Company") is a European Company, incorporated in the Federal Republic of Germany ("Germany") and organized under the laws of Germany and the European Union. It has a dual board system, consisting of the Board of Management (Vorstand) and the Supervisory Board (Aufsichtsrat). The two boards are separate and no individual may serve simultaneously on both boards. The Board of Management is responsible for managing the day-to-day business of the Company and the Supervisory Board advises and oversees the Board of Management. This dual board system of Allianz SE contrasts with the unitary board system of U.S. companies and therefore also with some of the corporate governance standards set forth by the NYSE, which refer to the unitary board of directors of U.S. companies.

### **German Corporate Governance Rules**

The primary source for the corporate governance of German listed companies, such as Allianz SE, is the German Stock Corporation Act, a Federal Act of Parliament which is in effect since 1965 and was amended several times. Beside this, Allianz as a European Company is subject to specific provisions regarding the SE (such as the Council Regulation (EC) 2157/2001 ("SE-Regulation") and the German Act on the SE-Implementation (SE-Ausführungsgesetz, SEAG). Additional best practice rules are provided by the German Corporate Governance Code (the "Code"), that was enacted on February 26, 2002 by a Government Commission, appointed by the German Justice Minister and is widely acknowledged by all German listed companies which are subject to it. The Code was amended several times and the current version is available in several languages on the internet at [www.corporate-governance-code.de](http://www.corporate-governance-code.de). It describes essential statutory regulations for the management and supervision of German listed companies and contains standards for good and responsible governance. The Code aims at making the Corporate Governance of German listed companies more transparent and understandable and to promote the trust of international and national investors as well as the general public in the management and supervision of German listed companies. It contains requirements which are also covered by the German Stock Corporation Act and in addition addresses new corporate governance rules in terms of recommendations and suggestions.

The Code has an extensive area of application which covers substantially the same topics as the NYSE corporate governance rules. Main topics are the annual general meeting, the cooperation between the Board of Management and the Supervisory Board, special rules concerning tasks, responsibilities, composition and compensation of both boards as well as rules regarding conflicts of interest of board members. With respect to the Supervisory Board, the Code establishes also certain rules regarding the composition of board committees, in particular the audit committee. Another important area which is covered by the Code is the audit of the Annual Financial Statements and related reporting requirements.

In consideration of the broad area of corporate governance which is covered by the Code, Allianz SE is well regulated in the area of corporate governance. To ensure that German listed companies comply with the Code to the broadest extent, the Code is linked with the German Stock Corporation Act. Pursuant to Article 161 of the German Stock Corporation Act, German listed Companies have to declare annually their compliance with the recommendations contained in the Code or to disclose any exception. This declaration is to be made permanently available for all investors. Thus, the Code has a legal basis and each German listed company's compliance with the Code is transparent for all investors. Allianz SE's declaration of compliance is available on the Allianz Group website under [www.allianz.com/corporate-governance](http://www.allianz.com/corporate-governance).

## **Independence Requirements**

NYSE corporate governance standards contain specific independence requirements for members of the board of directors and certain committees. These requirements are a consequence of the risks which result from the uniform composition of the board of directors as single executive body of U.S. companies. Therefore, they may only apply in a limited way to Supervisory Boards of German stock corporations, because the dual board system and the consequential task sharing between the Board of Management as decision-making body and the Supervisory Board as advisory and supervisory body, creates a unique system of "checks and balances" which can not be compared with a unified board system.

The Supervisory Board of German stock corporations is a separate board beside the Board of Management and no person may concurrently serve on the Board of Management and the Supervisory Board of the same company. Consequently, the Supervisory Board members are not involved in the day to day business decisions, which are taken by the Board of Management. This assures a certain degree of independence of Supervisory Board members from the management of the company. In addition, the Code recommends that proposals for the election of Supervisory Board members ensure that, at any time, the Supervisory Board as a whole is composed of members who are "sufficiently independent." Furthermore, German law and the Code establish a number of principles that are designed to strengthen the independence of board members and to avoid conflicts of interests. For example, the Code recommends that not more than two former members of the Board of Management shall be members of the Supervisory Board, that Supervisory Board members shall not exercise directorships or similar positions or advisory tasks for important competitors of the company and that candidates for the election for the Supervisory Board shall be - among others - sufficiently independent. Additionally, the Code contains special recommendations with respect to the handling of conflict of interests. Allianz SE complies with all of these recommendations.

## **Committees**

The Supervisory Board of Allianz SE has - among others - established an audit committee, a compensation committee and a standing committee. These committees are comparable to the audit committee, the compensation committee and the nominating committee as required by the NYSE corporate governance standards. Differing from the NYSE corporate governance standards, Allianz SE's committees do not consist solely of independent directors, which is a consequence of the fact that employee representatives are members of the Supervisory Board. German companies were granted an exemption by the SEC from the independence requirements for audit committee members as established by the SEC pursuant to section 301 of the Sarbanes-Oxley Act of 2002. Furthermore, former members of the Board of Management may serve on the Supervisory Board of the company as well as on Supervisory Board committees without passing through a "black out period" as required to some extent by the NYSE-rules. But the Code requires that the chairman of the audit committee should not be a

former member of the Board of Management of the company. Allianz SE complies with this requirement.

Allianz SE's audit committee was created in accordance with the audit committee rules established by the German Corporate Governance Code, which contains to some extent similar topics as the respective NYSE standards. Allianz SE's audit committee has a written charter which addresses the goals and purposes required by the Code. These are similar to the NYSE requirements. According to German Law, the Supervisory Board of German insurance companies is responsible for electing and dismissing the auditor. In preparing this decision, a proposal is submitted to it by the audit committee. The audit committee in turn, is responsible for engaging the auditor, setting the terms of the engagement and review reports by the auditor according to IFRS rules and US-GAAP regulations.

### **Disclosure of Corporate Governance Guidelines**

Allianz SE discloses a substantial amount of information with respect to its corporate governance on its website. In particular, information about the German Corporate Governance Code, Allianz SE's current declaration of compliance with the Code, the composition of the Supervisory Board and the Board of Management of Allianz SE, the functions of both boards, the curriculum vitae of the board members, information with respect to the general meeting, the statutes of Allianz SE and information about Allianz SE's external auditor and director's dealings, are disclosed under [www.allianz.com/corporate-governance](http://www.allianz.com/corporate-governance).

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