

# Sustainable Development at Allianz

Commerzbank Sustainability Conference  
Frankfurt, 30<sup>th</sup> May 2012

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- 2** Sustainability strategy
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# Allianz Group with strong market positions and brands<sup>1</sup>

- Leading P/C insurer globally
- Top 5 in Life business globally
- Top 5 asset manager globally
- Largest global assistance provider
- Worldwide leader in credit insurance
- One of the leading industrial insurers globally
- Building the leading global automotive provider

**Allianz** 

**Allianz** 

Global Investors

P I M C O

**Allianz** 

Global Assistance

 EULER HERMES

**Allianz** 

Global Corporate & Specialty

1) All rankings based on 2011 data

# Key figures at a glance<sup>1</sup>

EUR **103.6bn** total revenues

EUR **1,653bn** AuM<sup>3</sup>

EUR **7.9bn** operating profit

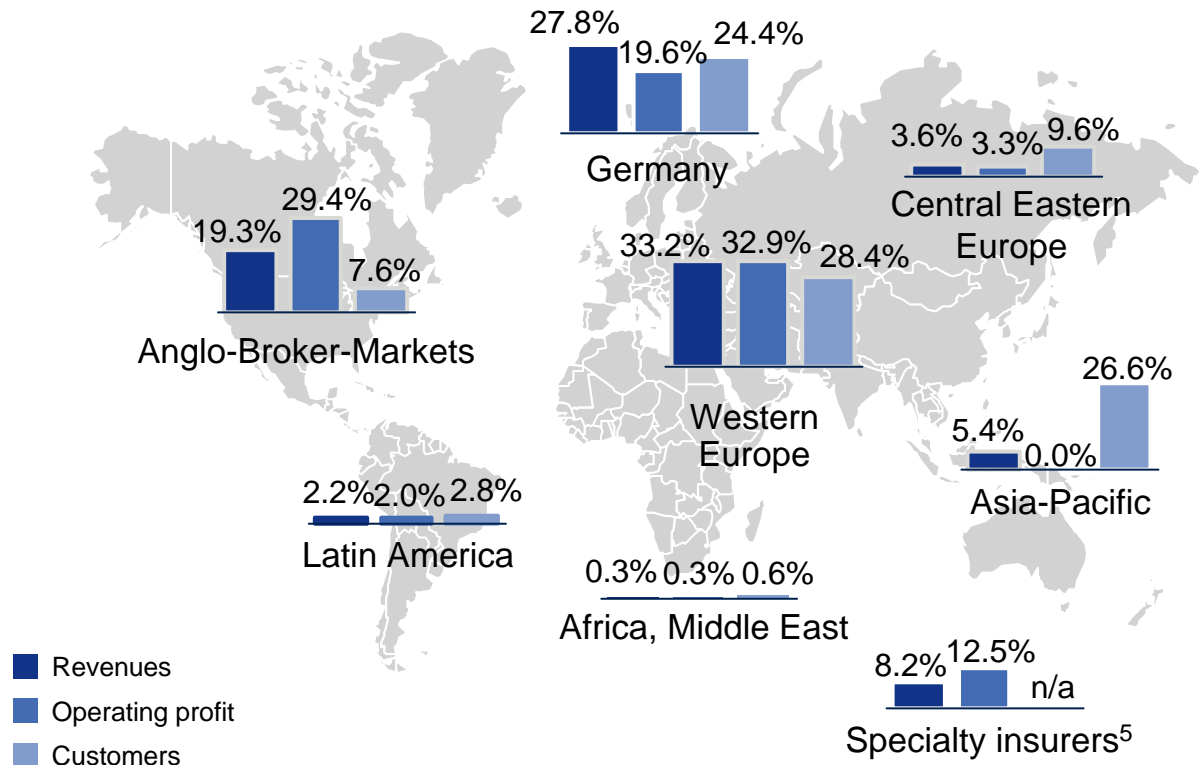
**183%** FCD solvency ratio<sup>3</sup>

EUR **41bn** market cap<sup>3</sup>

Approx. **78mn** customers<sup>2</sup>

**142t**sd employees<sup>2</sup>

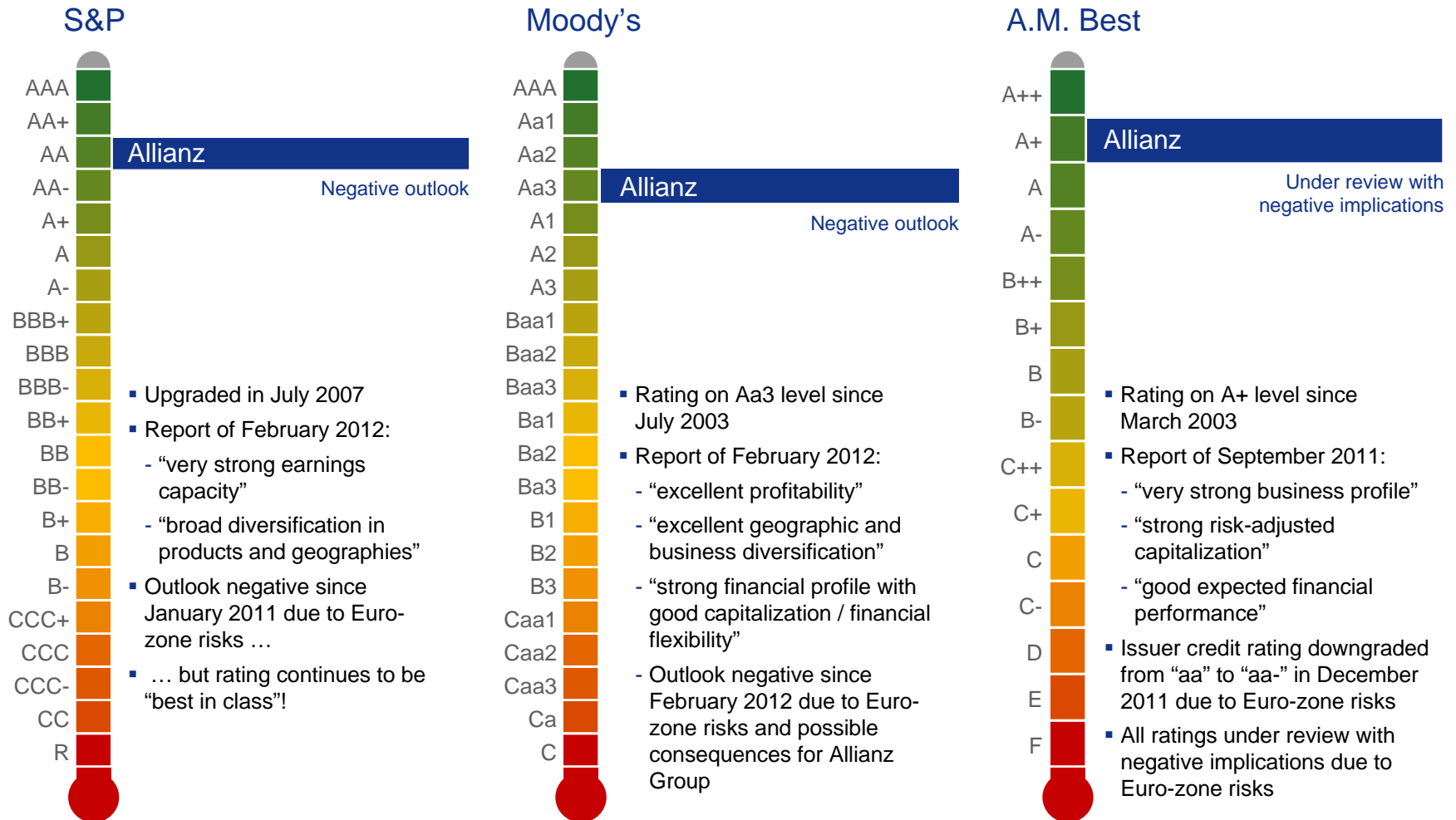
## Split of revenues, operating profit and customers<sup>4</sup>



1) Figures as per 12M 2011  
 2) 31/12/2011  
 3) 31/03/2012

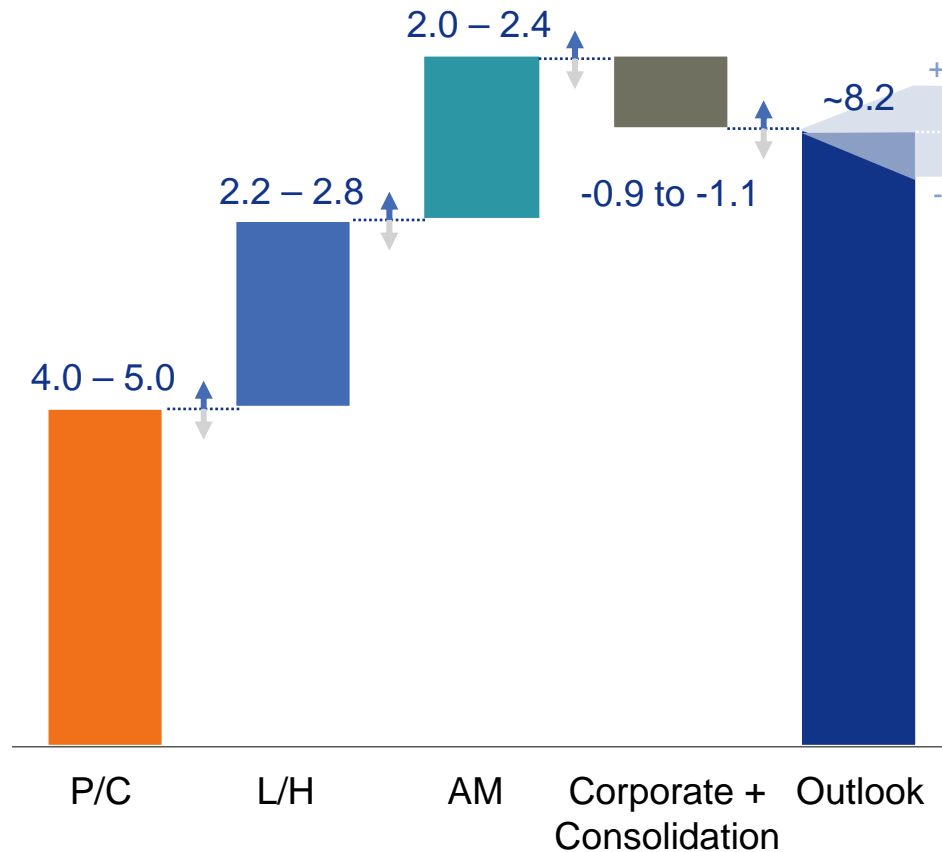
4) Customer figures including non-consolidated companies  
 5) Allianz Global Corporate & Specialty (incl. ART), Euler Hermes, Allianz Global Assistance

# Excellent ratings<sup>1</sup>, now affected by Euro-zone uncertainties



1) Financial strength ratings; status as of May 2012

# Solid operating profit outlook 2012 reconfirmed after Q1 (EUR bn)



- Range of operating profit outlook reflects diversification
- **Disclaimer:** Impact from NatCat, financial markets and global economic development not predictable!

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## The four dimensions of Allianz' sustainability strategy: our EESG approach

“ Sustainable Development at Allianz means combining long-term **economic** value creation with a holistic approach to **environmental stewardship, social responsibility** and **corporate governance**. ”

### Economic

- Customer satisfaction
- Renewable energy & carbon investments
- Green products & services
- SRI
- Microinsurance

### Environmental

- Carbon reduction strategy & target
- Environmental footprint

### Social

- Diversity
- Compensation
- Employee training & development
- Employee satisfaction
- Corporate donations
- Employee volunteering

### Governance

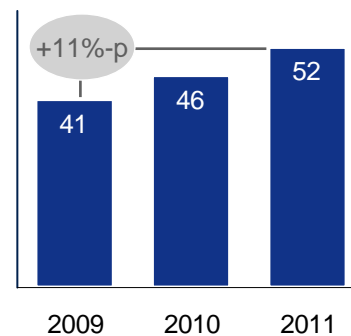
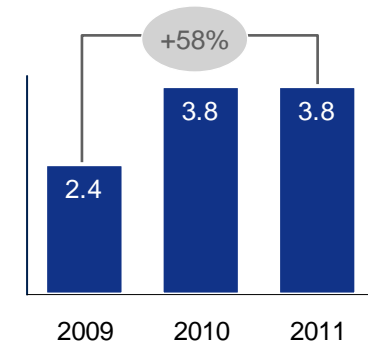
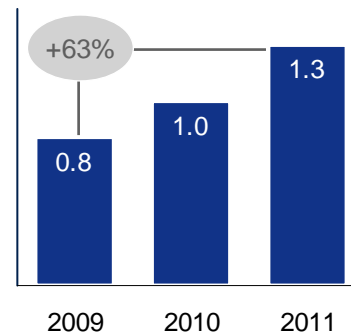
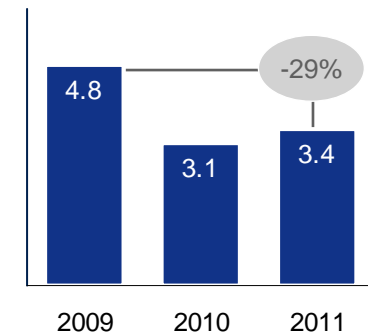
- Lobbying activities & political donations
- Compliance training & programs
- Corporate governance



## Economic

## The economic dimension of sustainability

- More than 80 green products and services offered from asset management to insurance
- More satisfied customers compared with peers in 52% of our markets
- Microinsurance impacted only somewhat by microfinance crisis in India
- Investments in renewable energy nearly doubled since 2009
- SRI AuM reduced due to volatility on equity markets, but now showing signs of recovery

Net promoter score  
% of marketsMicroinsurance customers<sup>1</sup>  
mnInvestments renewable energy  
EUR bnInvestments SRI funds  
EUR bn

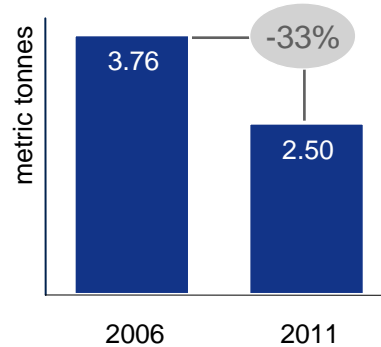
1) 2011 figures finalized and updated in April 2012

## Environmental

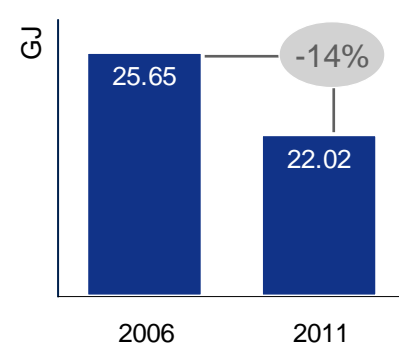
# Achievements in reducing our environmental impact

- 33% reduction of CO<sub>2</sub> emissions per employee since 2006
- Environmental Management System covers 83% of employees worldwide
- Energy from renewable sources now accounts for 44% of total energy consumption
- Travel requirements impacted e.g. by improving economy after financial market turbulences and by rebranding activities
- New target defined: additional 10% CO<sub>2</sub> reduction by 2015, inclusive 10% energy reduction (after “early-over-fulfillment” of previous targets)

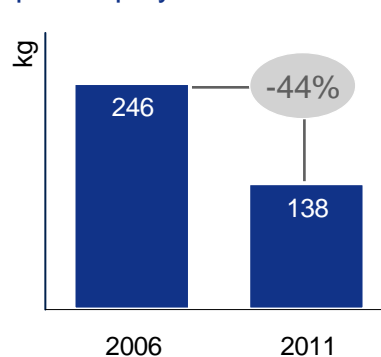
CO<sub>2</sub> emissions per employee



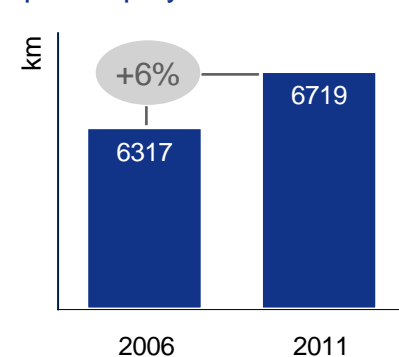
Energy consumption per employee



Paper consumption per employee



Business travel per employee

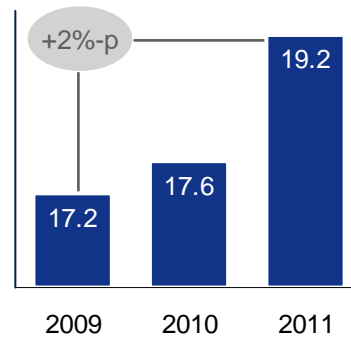


Social

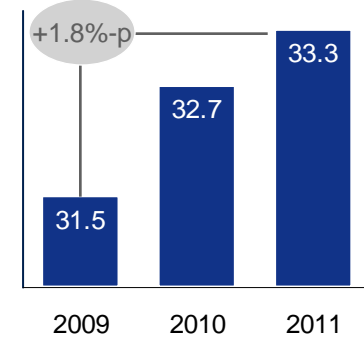
# Focus on people – enhancing diversity, skills, engagement & helping local communities

- Increasing share of women in management positions
- Intensified employee trainings
- 2<sup>nd</sup> globally unified employee engagement survey in 2011
- EUR 22.2mn donated for social, cultural and environmental issues
- Financial literacy program reached 67,500 pupils in 2011

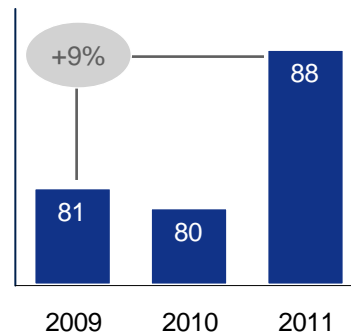
Women in executive positions<sup>1</sup>  
% of total



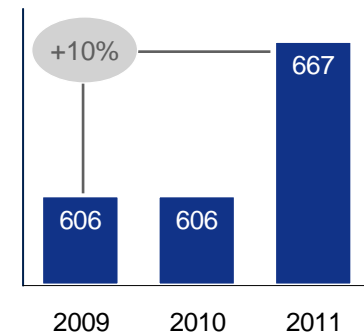
Female managers<sup>2</sup>  
% of total



Training expenses  
EUR mn



Training expenses/ employee  
EUR



1) Women at all executive positions below the Board of Management  
2) Women functionally responsible for other staff, regardless of level, e.g. division, department and team managers

## Pursuing highest corporate governance standards

- **European sovereign debt crisis:** Allianz firmly committed to European unity, playing a constructive role in developing lasting solutions to the crisis
- Implementation of **Anti-Corruption Program** continued Group-wide
- **Allianz4Good Network** established in 2011 to strengthen CR governance and help steer CR activities across the Group
- Commitment to collaborate on sustainability issues: **Allianz Forum** in Berlin inaugurated in 2011; events: e.g. **Demography Forum** hosted in January 2012
- **Other topics:**
  - Two-tier **Board system**
  - Compliance with **German Corporate Governance Code** (exception: fixed compensation for Supervisory Board)
  - Internal **Code of Conduct** which is obligatory for all employees and forms part of employment contracts
  - **Remuneration scheme** for top management integrating sustainability into compensation

# Key global issues identified via materiality assessment

Allianz Materiality Landscape<sup>1</sup>



1) A systematic materiality process regularly undertaken by Allianz identifies the most important challenges and opportunities relating to global issues now and in the future: Access to finance, Climate change, Demographic change, Stability of financial markets, Digitalization. The Allianz Materiality Landscape presents the outcome of this process by highlighting which sub-issues are perceived to be most material to Allianz' business. The issues flagged in blue are those global issues with a very long-term horizon impacting our business over decades; these issues are presented in a dedicated section called "Global issues". In contrast, the issues flagged in green are the issues of today with a more short to mid-term impact on our business; these topics are covered in several sections, where relevant, throughout our report.

## Sustainability performance continually recognized



FTSE4Good



CARBON DISCLOSURE PROJECT

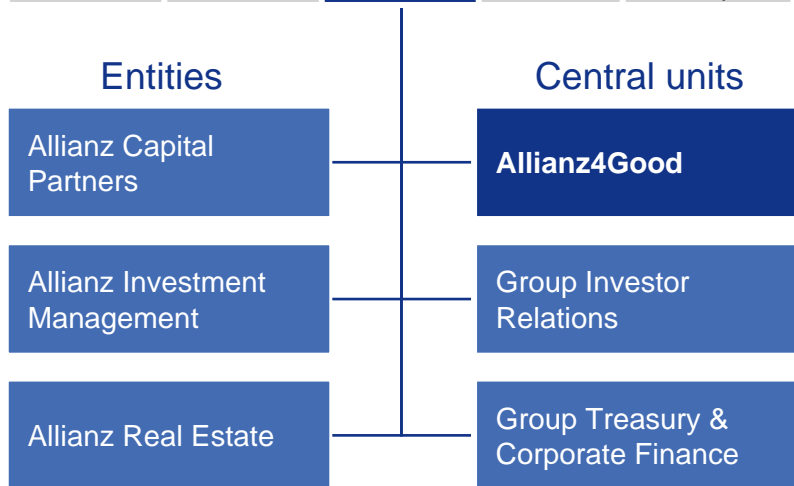
- Included since 2000
- Recognized as leader in several areas, e.g., brand management, risk detection, access to finance
- 2010 and 2011 same score as the Insurance Super Sector Leader
  
- Included since 2001, one of the longest-standing FTSE4Good companies
- Special recognition for Allianz' code of ethics and excellent environmental policy
  
- Allianz rated best in class (oekom prime status)
- Allianz rated above average in all categories and in particular received high scores for Environmental Management, Eco-efficiency, Corporate Governance and Business Ethics
  
- Signatory since 2002 and member since 2009
- Sector leader in Germany in 2011; included in the global Carbon Disclosure Leadership Index – among the leading companies worldwide

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# Allianz4Good as the central unit responsible for sustainability management ...

Functional divisions				Business divisions						
Chairman of the Board	Controlling, Reporting, Risk	<b>Finance</b>	Operations	Insurance Western & Southern Europe	Insurance USA	Ins. GER-Speaking Countries	Insurance Growth Markets	Asset management (global)	Global Ins. Lines & Anglo Markets	Insurance Iberia & Latin America



## Allianz4Good

- Established in 2008
- Reports directly to the Allianz Board
- Supports efforts across the Group to address “sustainability issues”
- Integrates sustainable business practices into the Group's core activities
- Supports and networks Allianz social initiatives worldwide
- Develops pilots for employee engagement



## ... ensuring clear responsibilities and effective implementation across the Group

### Board of Management responsibilities for sustainability issues

- Paul Achleitner<sup>1</sup>: Allianz4Good, climate-related investments, climate change, ESG in proprietary investments
- Clem Booth: “green” products
- Werner Zedelius: diversity
- Jay Ralph: ESG in third-party investments

### Responsibilities on 1<sup>st</sup> level below the Board (*sample*)

- Allianz4Good: sustainability/ ESG on a global basis
- Group Compliance: integrity and compliance with law
- Group Economic Research & Corporate Development: mega trends
- Group Risk: e.g., reputational risks

### Committees supporting implementation of sustainability strategy

- Allianz Global Issues Forum: opportunities & risks arising from new mega trends
- Allianz Group Risk Committee: monitoring of the Group’s risk profile and solvency
- Global Diversity Council
- Local and cross-border employee representation (Works Council)

### Internal, Group-wide standards ensure integrity

- Global Anti-Corruption Policy
- Global Code of Conduct (underlined by UN Global Compact)
- Global Code of Ethics
- German Corporate Governance Code
- Globally institutionalized whistle-blowing processes

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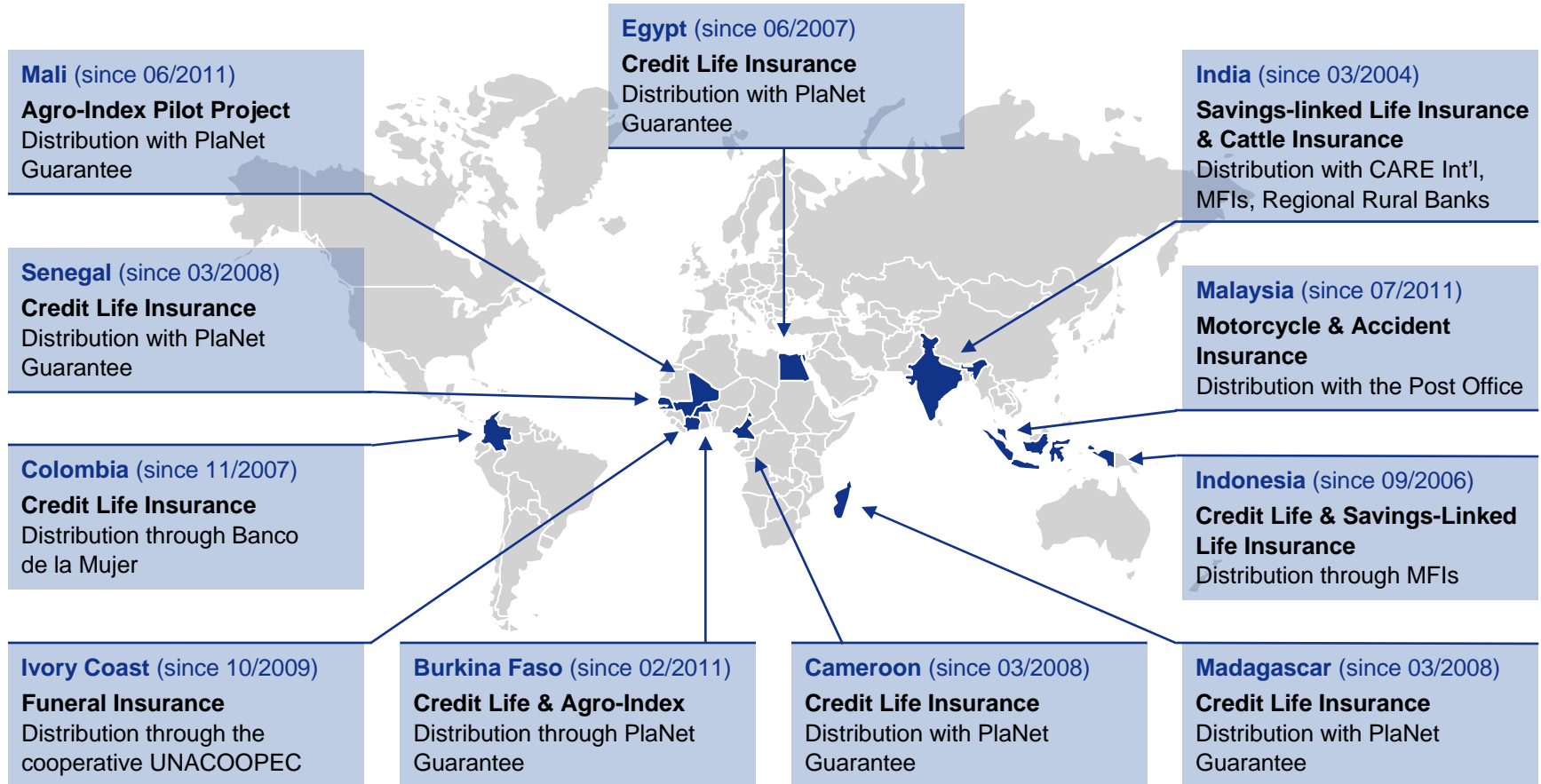
## Offering a growing range of “green” products and services

- We are working on developing new products and services for our customers to help them mitigate the effects of climate change and manage their own environmental impact, e.g., Allianz RCM Global EcoTrends Fund, Fireman’s Fund Green Auto Hybrid Upgrade
- In 2011, the number of “green” products and services offered by Allianz increased from 70 to over 80

## Expanding our renewable energy portfolio

- Our investment in renewable energy projects topped EUR 1.3bn in 2011 and now includes some 38 wind and solar parks
- Direct wind energy investments particularly strengthened in France
- Renewables portfolio also increased via direct photovoltaic park investments in France & Italy
- Further increase of portfolio planned

# Offering microinsurance to more than 3.8mn customers generating EUR 57mn in revenues<sup>1</sup>

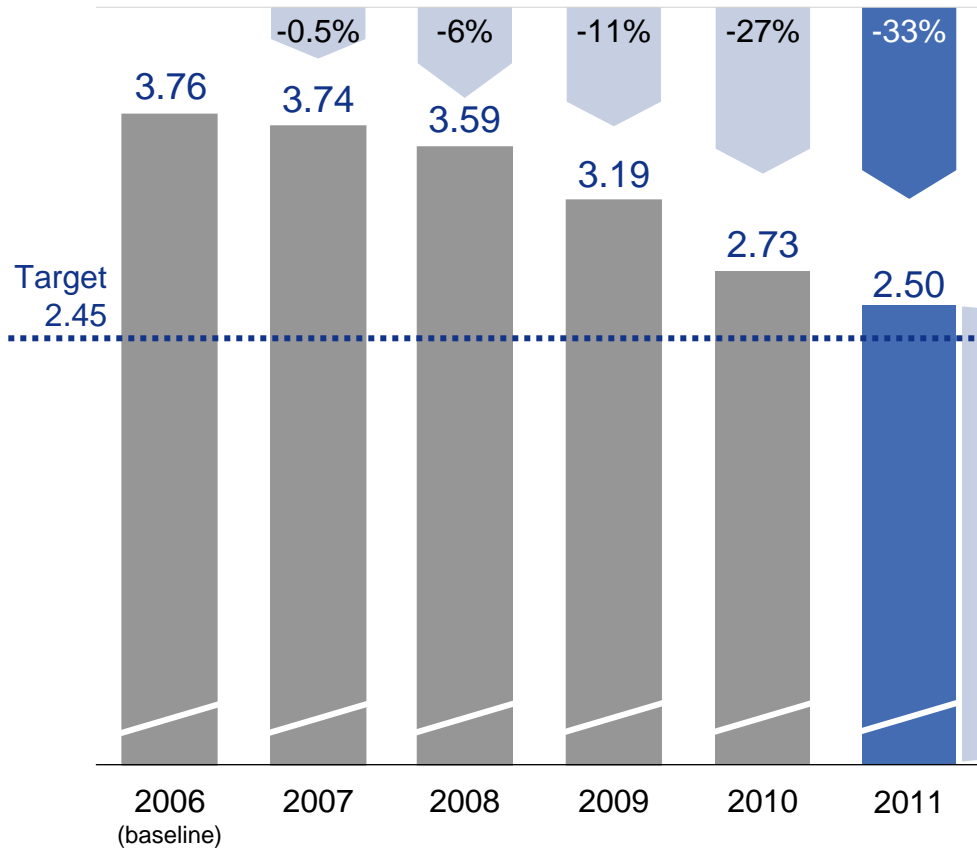


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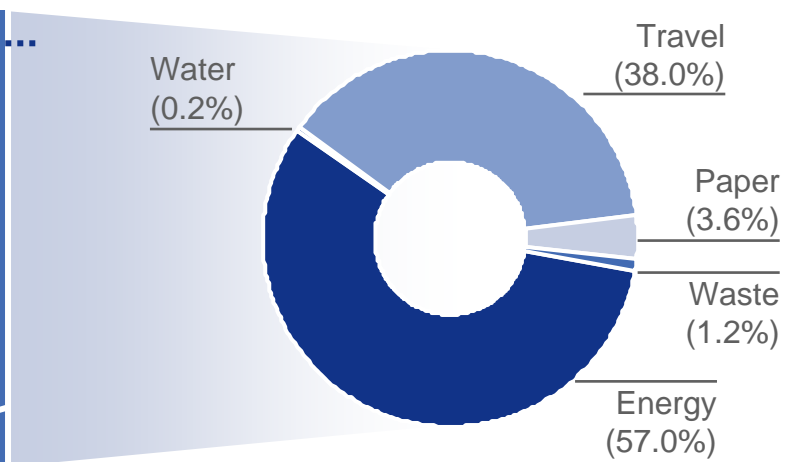


# Reducing CO<sub>2</sub> emissions in our internal operations

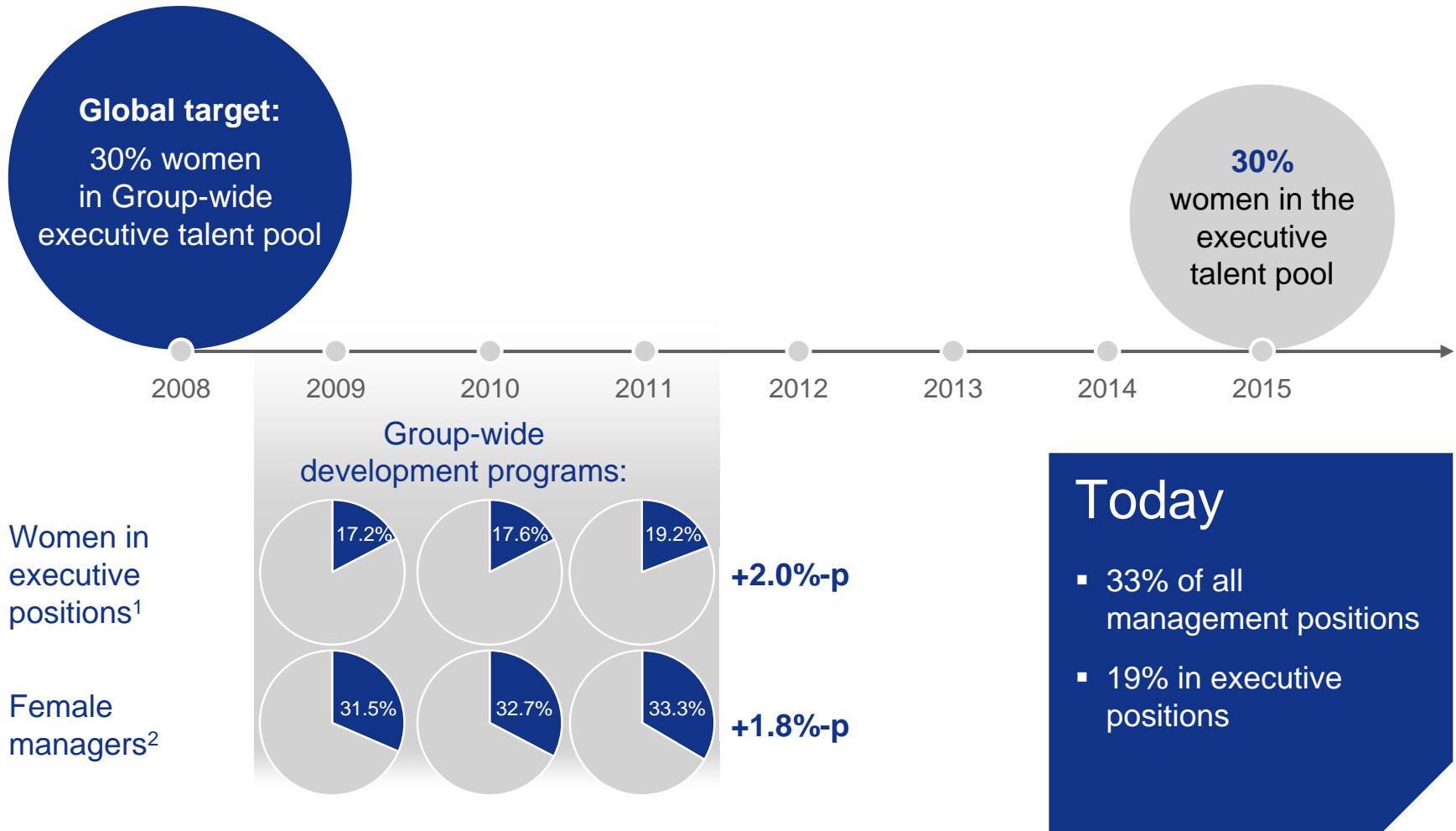
Emitted CO<sub>2</sub> per employee (metric tons)



CO<sub>2</sub> Footprint




# Employee diversity: more women in leadership positions



1) Including women at all executive positions below the Board of Management.

2) Including women functionally responsible for other staff, regardless of level, e.g. division, department and team managers.

## Employee engagement: engaging our employees for the community's benefit

- 
- We support and encourage volunteering among our employees, and the use of their expertise and competencies for the community's benefit
  - In the **Social OPEX** initiative, trained Allianz employees apply business improvement tools to help socially committed organizations
  - Their involvement contributes to pride and identification with our company, building skills and team development



## Community investment: structured involvement in the communities where we operate

- Through structured involvement with strategic partners in the communities where we operate, we support the development of effective solutions to address social concerns
- In 2009, we launched the initiative **My Finance Coach** to take finance into schools; in 2011 we reached 65,800 pupils across Germany and 1,700 in Indonesia through corporate volunteering, teacher training and extracurricular activities
- Familiarizing young people with financial issues will help them to make better financial decisions now and in the future



MY  
FINANCE  
COACH



MY  
FINANCE  
COACH

## Government and international organizations: sharing knowledge and shaping the discussion

- We actively participate in international working groups for climate change, asset management and insurance, as part of the UNEP Finance Initiative
- Allianz promotes dialog between the worlds of business, academia, politics and civil society through the Allianz Forum in Berlin
- A globally-acting, central department provides political issue management and government relations expertise for the Group



# Management compensation: a system which strengthens the importance of sustainable development

	Old structure <sup>1</sup>	New structure <sup>2</sup>			
Base salary	25%	25%	1/4 fix	Monthly payments	Structure of targets
Annual bonus	37%	25%	3/4 variable	Annual target achievement	
Mid-term bonus	11%	25%		Mid-term target achievement (3 years) + sustainability of annual target achievement	Division 25%
Stock-based compensation	27%	25%		Vesting after 4 years	Allocation based on target performance

**Malus:** Annual accumulation and deferred payment of mid-term bonus allows easy claw-back if short-term performance turns out to be non-sustainable or below market

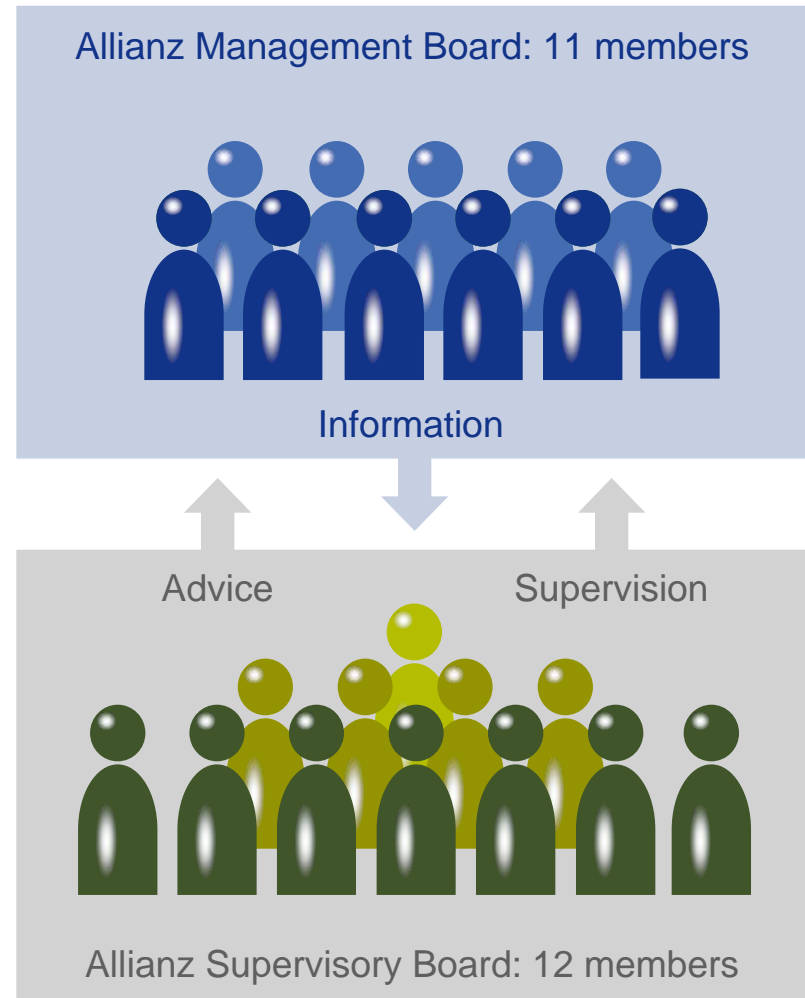
**Retention:** Accumulated non-vested stock compensation expires if manager leaves at own request or at fault

1) Up to and including remuneration for fiscal year 2009

2) Beginning with fiscal year 2010

# Governance system: a two-tier system consisting of Management Board + Supervisory Board

- Two-tier system widespread in continental Europe
- Allianz Management Board: 11 members
  - manages Allianz Group
  - regional and functional responsibilities
  - informs Supervisory Board about strategy + business development
- Allianz Supervisory Board: 12 members
  - supervision of / advice to Management Board; appointment of members of Management Board
  - audit committee, standing committee, personnel committee, risk committee, nomination committee
- Advantages of two-tier system:
  - clear separation of management and supervision/control
  - shareholders' interests more effectively represented given a dispersed shareholder structure



Thank  
you

# Financial calendar

March 23, 2012	Annual Report 2011 (& Sustainable Development Report 2011)
May 9, 2012	Annual General Meeting
May 15, 2012	1st quarter results 2012
August 3, 2012	2nd quarter results 2012
November 9, 2012	3rd quarter results 2012
February 21, 2013	Financial results 2012
March 15, 2013	Annual Report 2012
May 7, 2013	Annual General Meeting

The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact, irrespective of the communicated schedules. Therefore we cannot exclude that we have to announce key figures of quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the Internet at [www.allianz.com/financialcalendar](http://www.allianz.com/financialcalendar).

# Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

## 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.

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