Sustainability at Allianz

Exane BNP Paribas
SRI conference

Allianz4Good & Investor Relations
Paris, 25th November 2014
1 Allianz Group at a glance
2 Sustainability at Allianz
3 Our sustainability performance
Allianz at a glance

EUR 111bn total revenues

EUR 1,872bn total AuM

EUR 10.1bn operating profit

202% economic solvency ratio

184% regulatory solvency ratio

EUR 58.2bn S/H equity

EUR 58.6bn market cap

More than 83mn insured customers

Segments
Operating profit in %

Regions
Operating profit in %

1) 2013
2) 3Q 2014
3) Hybrid capital has been adjusted by EUR 1.4bn due to potential calls in 2015. Excluding this adjustment, the conglomerate solvency ratio would be 190% and the economic solvency ratio 207% as of 30 September 2014
4) Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves and adjusted for the potential calls of hybrid capital of EUR 1.4bn in the coming year, the solvency ratio as of 30 September 2014 would be 176%
5) Relation of business segments excluding Corporate & Other and consolidation
Strong market positions and brands¹

- Leading P/C insurer globally
- Top 5 in Life business globally
- Top 5 active 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

¹) All rankings based on 2013 data
Allianz Group at a glance

**Highlights 9M 2014**

**Operating profit (EUR bn)**

<table>
<thead>
<tr>
<th></th>
<th>9M 2014</th>
<th>Outlook(^1) published 02/14</th>
<th>9M 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>P/C</td>
<td>79%(^2)</td>
<td>4.3</td>
<td>5.1 – 5.7</td>
</tr>
<tr>
<td>L/H</td>
<td>88%(^2)</td>
<td>2.7</td>
<td>2.7 – 3.3</td>
</tr>
<tr>
<td>AM</td>
<td>75%(^2)</td>
<td>2.0</td>
<td>2.5 – 2.9</td>
</tr>
<tr>
<td>CO</td>
<td>71%(^2,3)</td>
<td>-0.8</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81%(^2)</td>
<td>8.1</td>
<td>(+/- 0.5)</td>
</tr>
</tbody>
</table>

- Internal revenue growth of 3.0%
- Benign natural catastrophe environment supports CR of 93.6%
- Internal revenue growth of 20.5%
- NBM of 2.5% (1.9%)
- 3rd party AuM up 6.2% to EUR 1,411bn despite material outflows (EUR 84bn)
- Operating profit at target
- Operating profit ahead of target
- Please mind the seasonality of the business and our disclaimer\(^4\)!

---

1) For FY 2014
2) As % of target range mid-point based on EUR mn figure
3) Corporate and consolidation
4) Disclaimer: impact from NatCat, financial markets and global economic development not predictable!
High-quality investment portfolio

Conservative asset allocation

- **95% high quality** with investment grade rating
- 84% of banking debt is senior, 13% is lower tier 2
- GIPS sovereign debt 1.1%; 79% held by L/H

- **Cash / other**: 10.4bn (2%)
- **Real estate**: 11.2bn (2%)
- **Equities**: 39.7bn (7%)
- **Debt instruments**: 536.0bn (90%)
## Strong and resilient capital base

### Shareholders’ equity (EUR bn)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Value (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2014</td>
<td>58.2</td>
</tr>
<tr>
<td>Interest rates +100 bps</td>
<td>-5.6</td>
</tr>
<tr>
<td>Equity markets -30%</td>
<td>-2.8</td>
</tr>
</tbody>
</table>

### Economic solvency (%)

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Value (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9M 2014</td>
<td>202</td>
</tr>
<tr>
<td>Interest rates -100 bps</td>
<td>-17</td>
</tr>
<tr>
<td>Equity markets -30%</td>
<td>-8</td>
</tr>
</tbody>
</table>

- **STANDARD &POOR’S**: AA (stable outlook)
Best-in-class rating and risk management

S&P financial strength rating / outlook

- AA+
- AA+ →
- AA+ ↓
- AA →
- AA ↓
- AA- →
- AA- ↑
- AA- →
- AA- ↓
- A+ →
- A+ ↑
- A+ ↓
- A →
- A ↓
- A- →
- A- ↑
- A- ↓
- A- →
- A- ↓
- A- →
- A- ↓

S&P enterprise risk management (ERM)

- “Very strong”
- Highest possible rating, best in class

Recognition of internal capital model by S&P

- Higher S&P capital surplus
- Lower cost of capital
- Funding costs reduced versus peers

1) Insurer Financial Strength Ratings of holding companies or operating entities as of 31 October 2014; positive/stable/negative outlooks indicated by green/yellow/red arrows; “credit watch” categorized in the same way as “outlook”

2) AXA, Zurich: “strong”; AIG, Generali: “adequate”
Healthy dividend growth

CAGR 8.7%

Dividend per share in EUR
Payout ratio

2008 2009 2010 2011 2012 2013

3.50 4.10 4.50 4.50 4.50 5.30

40% 40% 40% 81% 40% 40%

1) High ratio to compensate for non-operating impairments
2) Based on net income attributable to shareholders, no adjustment for treasury shares
New dividend policy\(^1\) going forward

### 1. 50% pay-out
- Regular pay-out ratio of 50% (up from 40%)
- Healthy balance between dividend yield and investments in profitable growth

### 2. Dividend continuity
- Dividend no less than previous year’s level
- Predictable income for investors

### 3. Discipline
- Payout of unused external growth budget every 3 years
- Entire dividend policy subject to sustainable Solvency II ratio > 160%

#### Allocation of net income\(^2\) 2014ff (in %)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014 ff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal growth</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>External growth</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Shift of investment to real assets</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Regular payout</td>
<td>40</td>
<td>50</td>
</tr>
</tbody>
</table>

#### Budgets
- Budget for internal growth
- Budget for external growth
- Buffer
- Regular payout

**Evaluation of unused budget for external growth every 3 years, starting end of 2016**

---

1) This dividend policy represents the management’s current intention and may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate from this dividend policy if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting.

2) Net income attributable to shareholders.
1 Allianz Group at a glance
2 Sustainability at Allianz
3 Our sustainability performance
Sustainable Development at Allianz means …

“… combining long-term economic value creation with a holistic approach to Environmental stewardship, Social responsibility and good corporate Governance.”
There are both risks to manage and opportunities to seize to realize sustainable and profitable growth.

**ESG risks managed as part of our core business processes:**
Risk management is our core competency as a large insurer & institutional investor.

**ESG opportunities captured:**
Social & Environmental considerations create commercial growth opportunities to seize.

**ESG issues in society addressed:**
With a presence in around 70 markets globally we take our responsibility towards society seriously & use our core competencies to address critical needs.

**Community engagement**
Supporting the communities in which we operate (e.g. Allianz Environmental Foundation).

**ESG risk management**
Managing risks and safeguarding reputation (e.g. NatCat risks).

**ESG opportunity management**
Seizing opportunities and creating shared value (e.g. green solutions).
Such material issues are often directly or indirectly linked, making a complex landscape for Allianz to deal with …
Sustainability at Allianz

... a structured approach helps in addressing these issues and provides transparency on our activities

Environmental
- Environmental management
  - Carbon reduction strategy
  - Environmental footprint

Investments
- Renewable energy
- Climate & forest protection

Products & services
- Green solutions
- Sustainable & Responsible Investments

Social
- Customers
  - Customer satisfaction
  - Brand value
- Employees
  - Compensation
  - Diversity
  - Talent Development
  - Employee rights
  - Employee satisfaction
- Community engagement
  - Corporate donations
  - Disaster prep. & response
  - Employee volunteering
- Products & services
  - Microinsurance

Governance
- Rules & regulations
  - Compliance programs & training
  - Corporate governance
  - Management incentives & compensation
  - Risk & reputation management
  - Transparency

Politics & dialogues
- Dialogues
- Political donations

Processes
- ESG in core business
- Procurement & supply chain management
We have an integrated approach to managing sustainability in and across our business

**Allianz4Good & ESG Office**
Group-level sustainability centers of competence

- Support the Board on strategic decisions relating to sustainability, direct reporting line
- Manage the strategic framework for Group-wide sustainability activities, develop relevant policies
- Support functional departments and OEs in implementing the Group's strategic approach into business processes and operations
- Knowledge hub and facilitate best practice exchange across the Group

**Allianz Board of Management**

**ESG Board**
Overall responsibility with the Board of Management; ESG Board as special sub-group
- J. Ralph (3rd-party asset mgt)
- C. Booth (Insurance)
- M. Zimmerer (Investments)

**Group-level functional departments/ centers**

**Local entities & Global Lines**
Group-level functional departments such as HR, Risk Management, Procurement, Allianz Climate Solutions, as well as OEs and Global Lines assume responsibility for operational sustainability management

© Allianz SE 2014
1 Allianz Group at a glance
2 Sustainability at Allianz
3 Our sustainability performance¹

¹ All performance information is for the period 01.01.2013-31.12.2013
**Environmental**

We seek to minimize the environmental impact of our business and maximize efficiencies.

**Carbon management**
- 37.2% reduction\(^1\) CO\(_2\) footprint per employee since 2006 (base year)
- Biggest driver (2012-13): -5.8% in energy consumption combined with a reduction in fossil fuels

**Energy management**
- 18.1% reduction in energy use since 2010 (base year)
- 42% of energy consumed comes from renewable sources

**CO\(_2\) performance**

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons/employee</td>
<td>2.55</td>
<td>2.41</td>
<td>2.35</td>
</tr>
</tbody>
</table>

\(^1\) Allianz's environmental performance is independently assured by KPMG
Investing in the low-carbon economy of the future and protecting the environment of today

Renewable energy investments

- 8 new wind parks → total investment portfolio = 42 wind + 7 solar parks in Germany, France, Italy, Sweden
- Total generating capacity >1,000 MW = energy supply for >500,000 households

Carbon market investments

- Fostering forest protection & biodiversity preservation in Kenya (2011) and Borneo, Indonesia (2013)
- Promoting energy efficiency in India (2011) by installing compact fluorescent lamps (CFLs) in private residences

### Investment projects

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>37</td>
</tr>
<tr>
<td>2012</td>
<td>41</td>
</tr>
<tr>
<td>2013</td>
<td>49</td>
</tr>
</tbody>
</table>

### Investment volume

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.3</td>
</tr>
<tr>
<td>2012</td>
<td>1.3</td>
</tr>
<tr>
<td>2013</td>
<td>1.7</td>
</tr>
</tbody>
</table>

### Carbon credits generated

<table>
<thead>
<tr>
<th>Year</th>
<th>mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.57</td>
</tr>
<tr>
<td>2012</td>
<td>1.57</td>
</tr>
<tr>
<td>2013</td>
<td>4.57</td>
</tr>
</tbody>
</table>

### Carbon credits retired

<table>
<thead>
<tr>
<th>Year</th>
<th>thou</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>n/a</td>
</tr>
<tr>
<td>2012</td>
<td>175</td>
</tr>
<tr>
<td>2013</td>
<td>343</td>
</tr>
</tbody>
</table>

1) Credits retired to offset Allianz’s own carbon footprint
2) Allianz is carbon-neutral since 2012
3) Insufficient credits from own projects to offset entire carbon footprint (169,776 credits purchased)
Allianz offers its customers an increasing number of sustainable solutions

**Green solutions**
- EUR 1.1bn in revenues across insurance, services and asset management
- Examples: EcoTrends fund, ‘Smart Repair’, renewable energy facilities insurance

**Sustainable & Responsible Investments (SRI)**
- Significant increase driven by: SRI screening introduced after a review of the investment criteria for some assets managed for Group; general market appreciation; new asset inflows, especially into fixed-income SRI

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>130</td>
<td>n/a</td>
<td>64.4</td>
<td>4</td>
</tr>
<tr>
<td>150</td>
<td>1,1</td>
<td>78.2</td>
<td>6</td>
</tr>
</tbody>
</table>

\(^1\) 2013 is the first year of revenue reporting for Green Solutions
\(^2\) 2011 is not comparable as PIMCO started reporting in 2012

© Allianz SE 2014
Customers are in focus – be they at the lower or higher end of the socio-economic ladder

**Customer loyalty & satisfaction**
- Net Promoter Score as key loyalty metric regularly measured in ~40 companies worldwide (~90% GWP\(^1\)).
- 50% of Allianz OEs significantly outperformed their local peer average

**Microinsurance**
- India biggest growth market in 2013: +6.9 mn customers, +EUR 7.3mn revenues
- Average claims ratio 50-60%

### Customers

<table>
<thead>
<tr>
<th>Year</th>
<th>[mn]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>78</td>
</tr>
<tr>
<td>2012</td>
<td>78</td>
</tr>
<tr>
<td>2013</td>
<td>83</td>
</tr>
</tbody>
</table>

### Net Promoter Score

<table>
<thead>
<tr>
<th>Year</th>
<th>[% of markets]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>52</td>
</tr>
<tr>
<td>2012</td>
<td>55</td>
</tr>
<tr>
<td>2013</td>
<td>50</td>
</tr>
</tbody>
</table>

### Microinsurance customers

<table>
<thead>
<tr>
<th>Year</th>
<th>[mn]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3,9</td>
</tr>
<tr>
<td>2012</td>
<td>17,1</td>
</tr>
<tr>
<td>2013</td>
<td>24,9</td>
</tr>
</tbody>
</table>

### Microinsurance premiums

<table>
<thead>
<tr>
<th>Year</th>
<th>[EUR mn]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>57,4</td>
</tr>
<tr>
<td>2012</td>
<td>78,6</td>
</tr>
<tr>
<td>2013</td>
<td>86,1</td>
</tr>
</tbody>
</table>

---

1) GWP = Gross Written Premium
2) Percentage of Allianz businesses that significantly outperformed their local peer average
An engaged and diverse workforce is crucial to being successful as a global company

**Employee loyalty & satisfaction**
- Annual Engagement Survey for employees, managers and board members (2013: 84% response rate)
- Employee Engagement Index: measures satisfaction, loyalty, advocacy and pride; Board remuneration factor

**Employee diversity**
- Global target of increasing the share of women in the executive talent pool to 30% by 2015
- Zero-tolerance policy on discrimination and harassment in the workplace

<table>
<thead>
<tr>
<th>Employees [thou.]</th>
<th>Employee Engagement Index [score]</th>
<th>Female Managers [% of managers]</th>
<th>Female Executives [% of executives]</th>
</tr>
</thead>
<tbody>
<tr>
<td>142</td>
<td>144</td>
<td>148</td>
<td>67</td>
</tr>
<tr>
<td>19,2</td>
<td>19,4</td>
<td>21,2</td>
<td></td>
</tr>
</tbody>
</table>
Developing our employee talents where the community also benefits

**Talent management**
- Developing both leadership and functional skills to ensure employees can achieve current and future business goals
- Leveraging eLearnings to increase reach and speed of training rollout

**Community engagement**
- More focus on “in-kind” support; e.g. soft-skills, time, expertise through employee volunteering programs
- 13 corporate foundations advance social wellbeing, address social, environmental and cultural issues in local communities

---

**Employee training**
- [Av. Days/ employee]
  - 2011: 2.7
  - 2012: 2.6
  - 2013: 3.0

**Training expenditure**
- [EUR/ employee]
  - 2011: 669
  - 2012: 708
  - 2013: 629

**Corporate donations**
- [EUR mn]
  - 2011: 22.2
  - 2012: 20.4
  - 2013: 18.6

**Employee volunteers**
- [individuals]
  - 2011: 507
  - 2012: 855
  - 2013: 831

---

1) Comprises corporate donations, charitable memberships, grants made by Allianz foundations
2) Employee volunteers only includes Group-run programs: My Finance Coach (Germany only) and Social OPEX (including employees from non-consolidated entities; i.e. India)
Strengthening sustainability in our Group corporate governance

ESG in core processes
- Developed Group-wide guidelines for 13 sensitive business areas with implementation started in 2014 in proprietary alternative investments
- ESG Directive for (proprietary) Investments developed to integrate ESG as a standard practice into the management of Allianz insurance investment portfolios

Compliance programs
- Roll out of the global Sales Compliance program for the insurance business in 2013
- 2-tier supplier screening process to ensure suppliers comply with our sustainability standards: Supplier Selection Process and Vendor Integrity Screening
- New Standard for Data Protection and Privacy defines the rules and principles for the collection and processing of personal data

1) ESG = Environmental, Social, Governance
Our performance is well recognized by external raters

- Top 1 percentile (2014 rating); RobecoSAM Gold Class (2013 rating)
- Included since 2000
- Recognized as leader in several areas; e.g., brand management, risk detection, access to finance, stakeholder engagement
- Included since 2001, one of the longest-standing companies
- Special recognition for Allianz’s code of ethics and excellent environmental policy
- Rated best-in-class (“Prime” status)
- Particularly high scores for Environmental Management, Eco-efficiency, Corporate Governance and Business Ethics
- Insurance industry leader 2014 (out of 93), also leading on social
- Assessed since 2006
- Founding signatory (2002) and member since 2009
- Climate Disclosure Score: 99; Climate Performance Band: A-
- Most transparent major insurer and 25th out of the 105 largest publicly-listed companies across the globe in 2014 assessment
Disclaimer

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

Forward-looking statements
The statements contained herein may include prospects, 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. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) 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.

No duty to update
The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.