

# CORPORATE GOVERNANCE REPORT

Good corporate governance is essential for sustainable business performance. The Board of Management and the Supervisory Board of Allianz SE thus attach great importance to complying with the recommendations of the German Corporate Governance Code (referred to hereinafter as the "Code"). The Declaration of Conformity with the recommendations of the Code, issued by the Board of Management and the Supervisory Board on 14 December 2017, and the company's position regarding the Code's suggestions can be found in the [Statement on Corporate Management pursuant to § 315d and § 289f of the HGB](#) starting on [page 17](#).

## Corporate Constitution of the European Company (SE)

As a European Company, Allianz SE is subject to special European SE regulations and the German SE Implementation Act ("SE-Ausführungsgesetz") in addition to the German SE Employee Involvement Act ("SE-Beteiligungsgesetz"). However, the main features of a German stock corporation – in particular the two-tier board system (Board of Management and Supervisory Board) and the principle of equal employee representation on the Supervisory Board – have been maintained by Allianz SE.

## Function of the Board of Management

The Board of Management of Allianz SE comprises nine members. It is responsible for setting business objectives and the strategic direction, for coordinating and supervising the operating entities, and for implementing and overseeing an efficient risk management system. The Board of Management also prepares the annual financial statements of Allianz SE, the Allianz Group's consolidated financial statements, the market value balance sheet, and the interim report.

The members of the Board of Management are jointly responsible for management and for complying with legal requirements. Notwithstanding this overall responsibility, the individual members head the departments they have been assigned independently. There are divisional responsibilities for business segments as well as functional responsibilities. The latter include the Finance, Risk Management and Controlling Functions, Investments, Operations – including IT –, Human Resources, Legal, Compliance, Internal Audit, and Mergers & Acquisitions. Business division responsibilities focus on geographical regions or Global Lines, such as Asset Management. Rules of procedure specify in more detail the structure and departmental responsibilities of the Board of Management.

Board of Management meetings are led by the Chairman. Each member of the Board may request a meeting, providing notification of the proposed subject. The Board takes decisions by a simple majority of participating members. In the event of a tie, the Chairman casts the deciding vote. The Chairman can also veto decisions, but he cannot impose any decisions against the majority vote.

## BOARD OF MANAGEMENT AND GROUP COMMITTEES

In the financial year 2017, the following Board of Management committees were in place:

### Board Committees

Board committees	Responsibilities
<b>GROUP FINANCE AND RISK COMMITTEE</b> Dr. Dieter Wemmer (Chairman), Sergio Balbinot, Dr. Günther Thallinger, Dr. Axel Theis.	Preparation of the capital and liquidity planning for the Group and Allianz SE, implementing and overseeing the principles of group-wide capital and liquidity planning, as well as investment strategy and preparing risk strategy. This includes, in particular, significant individual investments and guidelines for currency management, Group financing and internal Group capital management, as well as establishing and overseeing a group-wide risk management and monitoring system including dynamic stress tests.
<b>GROUP IT COMMITTEE</b> Dr. Christof Mascher (Chairman), Jacqueline Hunt, Dr. Axel Theis, Dr. Dieter Wemmer, Dr. Werner Zedelius.	Developing, proposing, implementing and monitoring a group-wide IT strategy, approving relevant IT investments.
<b>GROUP MERGERS AND ACQUISITIONS COMMITTEE</b> Dr. Helga Jung (Chairwoman), Oliver Bäte, Dr. Dieter Wemmer.	Managing and overseeing Group M & A transactions, including approval of individual transactions within certain thresholds.

As of 31 December 2017

In addition to Board committees, there are also Group committees. They are responsible for preparing decisions for the Board of Management of Allianz SE, submitting proposals for resolutions, and ensuring a smooth flow of information within the Group.

In the financial year 2017, the following Group committees were in place:

### Group committees

Group committees	Responsibilities
<b>GROUP COMPENSATION COMMITTEE</b> Board members of Allianz SE and executives below Allianz SE Board level	Designing, monitoring, and improving group-wide compensation systems in line with regulatory requirements and submitting an annual report on the results of its monitoring, along with proposals for improvement.
<b>GROUP INVESTMENT COMMITTEE</b> Members of the Board of Management and executives below Allianz SE Board level	Implementing the Group investment strategy, including monitoring group-wide investment activities as well as approving investment-related frameworks and guidelines and individual investments within certain thresholds.

The Allianz Group runs its operating entities and business segments via an integrated management and control process. The Holding and the operating entities first define the business strategies and goals. On this basis, joint plans are then prepared for the Supervisory Board's consideration when setting targets for the performance-based remuneration of the members of the Board of Management. For details, see the [Remuneration Report](#) starting on [page 23](#).

The Board of Management reports regularly and comprehensively to the Supervisory Board on business development, the company's financial position and earnings, planning and achievement of objectives, business strategy, and risk exposure. Details on the Board of Management's reporting to the Supervisory Board are laid down in the information rules issued by the Supervisory Board.

Important decisions of the Board of Management require approval by the Supervisory Board. These requirements are stipulated by law, by the Statutes, or in individual cases by decisions of the Annual General Meeting (AGM). Supervisory Board approval is required, for example, for certain capital transactions, intercompany agreements, and the launch of new business segments or the closure of existing ones. Approval is also required for acquisitions of companies and holdings in companies, as well as for divestments of Group companies that exceed certain threshold levels. The Agreement concerning the Participation of Employees in Allianz SE, in the version dated 3 July 2014 (hereinafter "SE Agreement"), requires the approval of the Supervisory Board for the appointment of the member of the Board of Management responsible for employment and social welfare.

## Principles and function of the Supervisory Board

The German Co-Determination Act ("Mitbestimmungsgesetz") does not apply to Allianz SE because it has the legal form of a European Company (SE). Instead, the size and composition of the Supervisory Board is determined by general European SE regulations. These regulations are implemented in the Statutes and by the SE Agreement.

The Supervisory Board comprises twelve members, including six shareholder representatives appointed by the AGM. The six employee representatives are appointed by the SE works council. The specific procedure for their appointment is laid down in the SE Agreement. This agreement stipulates that the six employee representatives must be allocated in proportion to the number of Allianz employees in the different countries. The Supervisory Board currently in office comprises four employee representatives from Germany and one each from France and the United Kingdom. According to § 17(2) of the German SE Implementation Act ("SE-Ausführungsgesetz"), the Supervisory Board of Allianz SE shall be composed of at least 30% women and at least 30% men.

The Supervisory Board oversees and advises the Board of Management on managing the business. It is also responsible for appointing the members of the Board of Management, determining their overall remuneration, and reviewing Allianz SE's and the Allianz Group's annual financial statements. The Supervisory Board's activities in the 2017 financial year are described in the [Supervisory Board Report](#) starting on [page 4](#).

The Supervisory Board takes all decisions based on a simple majority. The special requirements for appointing members to the Board of Management, as stipulated in the German Co-Determination Act, and the requirement to have a Conciliation Committee do not apply to an SE. In the event of a tie, the casting vote lies with the Chairman of the Supervisory Board, who at Allianz SE must be a shareholder representative. If the Chairman is not present in the event of a tie, the casting vote lies with the vice chairperson from the shareholder side. A second vice chairperson is elected on the proposal of the employee representatives.

The Supervisory Board regularly reviews the efficiency of its activities. The Supervisory Board discusses recommendations for improvements and adopts appropriate measures on the basis of recommendations from the Standing Committee. The self-assessment also includes an evaluation of the fitness and propriety of the individual members.

## SUPERVISORY BOARD COMMITTEES

Part of the Supervisory Board's work is carried out by its committees. The Supervisory Board receives regular reports on the activities of its committees. The composition of committees and the tasks assigned to them are regulated by the Supervisory Board's Rules of Procedure.

### Supervisory board committees

Supervisory board committees	Responsibilities
<b>STANDING COMMITTEE</b> 5 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – Two further shareholder representatives (Herbert Hainer, Jim Hagemann Snabe) – Two employee representatives (Gabriele Burkhardt-Berg, Jürgen Lawrenz)	– Approval of certain transactions which require the approval of the Supervisory Board, e.g. capital measures, acquisitions, and disposals of participations – Preparation of the Declaration of Conformity pursuant to § 161 "Aktiengesetz" (German Stock Corporation Act) and checks on corporate governance – Preparation of the efficiency review of the Supervisory Board
<b>AUDIT COMMITTEE</b> 5 members – Chairman: appointed by the Supervisory Board (Dr. Friedrich Eichiner) – Three shareholder representatives (in addition to Dr. Friedrich Eichiner: Sophie Boissard, Michael Diekmann) – Two employee representatives (Jean-Jacques Cette, Martina Grundler)	– Initial review of the annual Allianz SE and consolidated financial statements, management reports (incl. Risk Report) and the dividend proposal, review of half-yearly reports or, where applicable, quarterly financial reports or statements – Monitoring of the financial reporting process, the effectiveness of the internal control and audit system and legal and compliance issues – Monitoring of the audit procedures, including the independence of the auditor and the services additionally rendered, awarding of the audit contract and determining the focal points of the audit
<b>RISK COMMITTEE</b> 5 members – Chairman: appointed by the Supervisory Board (Michael Diekmann) – Three shareholder representatives (in addition to Michael Diekmann: Christine Bosse, Dr. Friedrich Eichiner) – Two employee representatives (Godfrey Hayward, Jürgen Lawrenz)	– Monitoring of the general risk situation and special risk developments in the Allianz Group – Monitoring of the effectiveness of the risk management system – Initial review of the Risk Report and other risk-related statements in the annual financial statements and management reports of Allianz SE and the Allianz Group, informing the Audit Committee of the results of such reviews
<b>PERSONNEL COMMITTEE</b> 3 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – One further shareholder representative (Herbert Hainer) – One employee representative (Rolf Zimmermann)	– Preparation of the appointment of Board of Management members – Preparation of plenary session resolutions on the compensation system and the overall compensation of Board of Management members – Conclusion, amendment, and termination of service contracts of Board of Management members unless reserved for the plenary session – Long-term succession planning for the Board of Management – Approval of the assumption of other mandates by Board of Management members
<b>NOMINATION COMMITTEE</b> 3 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – Two further shareholder representatives (Christine Bosse, Jim Hagemann Snabe)	– Setting of concrete objectives for the composition of the Supervisory Board – Establishment of selection criteria for shareholder representatives on the Supervisory Board in compliance with the Code's recommendations on the composition of the Supervisory Board – Selection of suitable candidates for election to the Supervisory Board as shareholder representatives
<b>TECHNOLOGY COMMITTEE</b> 5 members – Chairman: appointed by the Supervisory Board (Jim Hagemann Snabe) – Three shareholder representatives (in addition to Jim Hagemann Snabe: Michael Diekmann, Dr. Friedrich Eichiner) – Two employee representatives (Gabriele Burkhardt-Berg, Rolf Zimmermann)	– Regular exchange regarding technological developments – In-depth monitoring of the Board of Management's technology and innovation strategy – Support of the Supervisory Board in monitoring the implementation of the Board of Management's technology and innovation strategy.

As of 31 December 2017

## PUBLICATION OF DETAILS OF MEMBERS' PARTICIPATION IN MEETINGS

The Supervisory Board considers it good corporate governance to publish the details of individual members' participation in plenary sessions and committee meetings:

### Publication of details of members' participation in meetings

	Presence	%
<b>PLENARY SESSIONS OF THE SUPERVISORY BOARD</b>		
Michael Diekmann (Chairman and member from 7 May 2017)	3/3	100
Dr. Helmut Perlet (Chairman and member until 6 May 2017)	4/4	100
Dr. Wulf H. Bernotat (Vice Chairman and member until 3 May 2017)	3/3	100
Jim Hagemann Snabe (Vice Chairman from 3 May 2017)	7/7	100
Rolf Zimmermann (Vice Chairman)	7/7	100
Dante Barban (Member until 3 May 2017)	3/3	100
Sophie Boissard (Member from 3 May 2017)	4/4	100
Christine Bosse	6/7	86
Gabriele Burkhardt-Berg	6/7	86
Jean-Jacques Cette	7/7	100
Dr. Friedrich Eichiner	7/7	100
Martina Grundler	5/7	71
Herbert Hainer (Member from 3 May 2017)	4/4	100
Godfrey Hayward (Member from 3 May 2017)	4/4	100
Prof. Dr. Renate Köcher (Member until 3 May 2017)	2/3	67
Jürgen Lawrenz	7/7	100
<b>STANDING COMMITTEE</b>		
Michael Diekmann (Chairman and member from 7 May 2017)	2/2	100
Dr. Helmut Perlet (Chairman and member until 6 May 2017)	1/1	100
Dr. Wulf H. Bernotat (Member until 3 May 2017)	1/1	100
Gabriele Burkhardt-Berg	3/3	100
Herbert Hainer (Member from 3 May 2017)	2/2	100
Prof. Dr. Renate Köcher (Member until 3 May 2017)	0/1	0
Jürgen Lawrenz (Member from 3 May 2017)	2/2	100
Jim Hagemann Snabe (Member from 3 May 2017)	2/2	100
Rolf Zimmermann (Member until 3 May 2017)	1/1	100
<b>PERSONNEL COMMITTEE</b>		
Michael Diekmann (Chairman and member from 7 May 2017)	3/3	100
Dr. Helmut Perlet (Chairman and member until 6 May 2017)	1/1	100
Christine Bosse (Member until 3 May 2017)	1/1	100
Herbert Hainer (Member from 3 May 2017)	3/3	100
Rolf Zimmermann	4/4	100
<b>AUDIT COMMITTEE</b>		
Dr. Friedrich Eichiner (Chairman and member from 3 May 2017)	3/3	100
Dr. Wulf H. Bernotat (Chairman and member until 3 May 2017)	2/2	100
Sophie Boissard (Member from 3 May 2017)	2/3	67
Jean-Jacques Cette	5/5	100
Michael Diekmann (Member from 7 May 2017)	3/3	100
Martina Grundler	4/5	80
Dr. Helmut Perlet (Member until 3 May 2017)	2/2	100
Jim Hagemann Snabe (Member until 3 May 2017)	2/2	100

	Presence	%
<b>RISK COMMITTEE</b>		
Michael Diekmann (Chairman and member from 7 May 2017)	1/1	100
Dr. Helmut Perlet (Chairman and member until 3 May 2017)	1/1	100
Dante Barban (Member until 3 May 2017)	1/1	100
Christine Bosse	2/2	100
Dr. Friedrich Eichiner	2/2	100
Godfrey Hayward (Member from 3 May 2017)	1/1	100
Jürgen Lawrenz	2/2	100
<b>TECHNOLOGY COMMITTEE (FROM 3 MAY 2017)</b>		
Jim Hagemann Snabe (Chairman)	2/2	100
Gabriele Burkhardt-Berg	2/2	100
Michael Diekmann (Member from 7 May 2017)	2/2	100
Dr. Friedrich Eichiner	2/2	100
Rolf Zimmermann	2/2	100

The Nomination Committee did not convene any meetings in the 2017 financial year.

## OBJECTIVES OF THE SUPERVISORY BOARD REGARDING ITS COMPOSITION

The objectives for the composition of the Supervisory Board in the version of August 2017, as specified to implement a recommendation by the Code, are as follows. In addition to the skills profile for the

overall Supervisory Board, also to be established due to a new recommendation of the Code, the diversity concept in accordance with the legislation regarding the implementation of the E.U. guideline as regards the disclosure of non-financial and diversity information (CSR Directive) is also included:

### Objectives of Allianz SE's Supervisory Board regarding its composition

"The aim of Allianz SE's Supervisory Board is to have members who are equipped with the necessary skills and competence to properly supervise and advise Allianz SE's management. Supervisory Board candidates should possess the professional expertise and experience, integrity, motivation and commitment, independence and personality required to successfully carry out the responsibilities of a Supervisory Board member in a financial services institution with international operations.

These objectives take into account the regulatory requirements for the composition of the Supervisory Board as well as the relevant recommendations of the German Corporate Governance Code ("GCGC"). In addition to the requirements for each individual member, a profile of skills and expertise ("Kompetenzprofil") as well as a diversity concept is provided for the entire Supervisory Board.

Employee representation within Allianz SE according to the Agreement concerning the Participation of Employees in Allianz SE contributes to diversity of work experience and cultural background. Pursuant to the provisions of the German SE Participation Act (SEBG) the number of women and men appointed as German employee representatives should be proportional to the number of women and men working in the German companies. However, the Supervisory Board does not have the right to select the employee representatives.

The following requirements and objectives apply to the composition of Allianz SE's Supervisory Board:

#### I. Requirements relating to the individual members of the Supervisory Board

##### 1. Propriety

The members of the Supervisory Board must be proper as defined by the regulatory provisions. A person is assumed to be proper as long as no facts are to be known which may cause impropriety. Therefore, no personal circumstances shall exist which – according to general experience – lead to the assumption that the diligent and orderly exercise of the mandate may be affected (in particular administrative offenses or violation of criminal law, esp. in connection with commercial activity).

##### 2. Fitness

The members of the Supervisory Board must have the expertise and experience necessary for a diligent and autonomous exercise of the Allianz SE Supervisory Board mandate, in particular for exercising control of and giving advice to the Board of Management as well as for the active support of the development of the company. This comprises in particular:

- adequate expertise in all business areas;
- adequate expertise in the insurance and finance sector or comparable relevant experience and expertise in other sectors;
- adequate expertise in the regulatory provisions material for Allianz SE (supervisory law, including Solvency II regulation, corporate and capital markets law, corporate governance);
- ability to assess the business risks;
- knowledge of accounting and risk management basics.

##### 3. Independence

The GCGC defines a person as independent, who, in particular, does not have any business or personal relations with Allianz SE or its executive bodies, a controlling shareholder, or an enterprise associated with the latter, which may cause a substantial and not merely temporary conflict of interest.

To further specify the definition of independence, the Supervisory Board of Allianz SE states the following:

- Former members of the Allianz SE Board of Management shall not be deemed independent during the mandatory corporate law cooling-off period.
- Members of the Supervisory Board of Allianz SE in office for more than 15 years shall not be deemed independent.
- Regarding employee representatives, the mere fact of employee representation and the existence of a working relationship with the company shall not in itself affect the independence of the employee representatives.

Applying such definition, at least eight members of the Supervisory Board shall be independent. In case shareholder representatives and employee representatives are viewed separately, at least four members respectively should be independent.

It has to be considered that the possible emergence of conflicts of interests in individual cases cannot generally be excluded. Potential conflicts of interest must be disclosed to the Chairman of the Supervisory Board and will be resolved by appropriate measures.

##### 4. Time of availability

Each member of the Supervisory Board must ensure that they have sufficient time to dedicate to the proper fulfilment of the mandate of this Supervisory Board position.

In addition to the mandatory mandate limitations and the GCGC recommendation for active Management Board members of listed companies (max. three mandates) the common capital markets requirements shall be considered.

With respect to the Allianz SE mandate, the members shall ensure that

- they can attend at least four, usually six ordinary Supervisory Board meetings per year, each of which requires adequate preparation;
- they have sufficient time for the audit of the annual and consolidated financial statements;
- they can attend the General Meeting;

- depending on possible membership in one or more of the current six Supervisory Board special committees, this involves extra time planning to participate in these Committee meetings and do the necessary preparation for these meetings; this applies in particular for the Audit and risk Committees;
- they can attend extraordinary meetings of the Supervisory Board or of a special committee to deal with special matters as and when required.

##### 5. Retirement age

The members of the Supervisory Board shall, as a rule, not be older than 70 years of age.

##### 6. Term of membership

The continuous period of membership for any member of the Supervisory Board should, as a rule, not exceed 15 years.

##### 7. Former Allianz SE Management Board members

Former Allianz SE Management Board members are subject to the mandatory corporate law cooling-off period of two years.

According to regulatory provisions, no more than two former Allianz SE Management Board members shall be members of the Supervisory Board.

#### II. Requirements for the entire Supervisory Board

##### 1. Profile of skills and expertise for the entire Supervisory Board

In addition to the expertise-related requirements for the individual members, the following shall apply with respect to expertise and experience of the entire Supervisory Board:

- familiarity of members in their entirety with the insurance and financial services sector;
- adequate expertise of the entire board with respect to investment management, insurance actuarial practice, and accounting;
- at least one member with considerable experience in the insurance and financial services fields;
- at least one member with comprehensive expertise in the fields of accounting or auditing;
- specialist expertise or experience in other economic sectors;
- managerial or operational experience.

##### 2. Diversity concept

To promote an integrative cooperation among the Supervisory Board members, the Supervisory Board aims at an adequate diversity with respect to gender, internationality, different occupational backgrounds, professional expertise, and experience:

- The Supervisory Board shall be composed of at least 30% women and at least 30% men. The representation of women is generally considered to be the joint responsibility of the shareholder and employee representatives.
- At least four of the members must, on the basis of their origin or function, represent regions or cultural areas in which Allianz SE conducts significant business. For Allianz SE as a Societas Europaea, the agreement concerning the participation of employees in Allianz SE provides the following: Allianz employees from different EU member states be considered in the allocation of employee representatives' Supervisory Board seats.
- In order to provide the Board with the most diverse sources of experience and specialist knowledge possible, the members of the Supervisory Board shall complement each other with respect to their background, professional experience, and specialist knowledge."

The composition of the Supervisory Board of Allianz SE reflects these objectives. According to the assessment by the Supervisory Board, all shareholder representatives, i.e. Ms. Boissard, Ms. Bosse as well as Mr. Diekmann, Dr. Eichiner, Mr. Hainer and Mr. Snabe, are independent within the meaning of the objectives (see No. I.3.). With four female Supervisory Board members, the current legislation for equal participation of women and men in leadership positions (statutory gender quota of 30%) is being met. In addition, the Supervisory Board has five members with international backgrounds. The skills profile is also met by all current members of the Supervisory Board. The current composition of the Supervisory Board and its committees is described on [page 7](#).

## Directors' dealings

Members of the Board of Management and the Supervisory Board are obliged by the E.U. Market Abuse Directive to disclose to both Allianz SE and the German Federal Financial Supervisory Authority any transactions involving shares or debt securities of Allianz SE or financial derivatives or other instruments based on them, as soon as the value of the securities acquired or divested by the member amounts to five thousand Euros or more within a calendar year. These disclosures are published on our website at [www.allianz.com/directorsdealings](http://www.allianz.com/directorsdealings).

## Annual General Meeting

Shareholders exercise their rights at the Annual General Meeting. When adopting resolutions, each share carries one vote. Shareholders can follow the AGM's proceedings on the internet and be represented by proxies. These proxies exercise voting rights exclusively on the basis of instructions given by the shareholder. Shareholders are also able to cast their votes via the internet in the form of online voting. Allianz SE regularly promotes the use of internet services.

The AGM elects the shareholder representatives of the Supervisory Board and approves the actions taken by the Board of Management and the Supervisory Board. It decides on the use of profits, capital transactions, the approval of intercompany agreements, the remuneration of the Supervisory Board, and changes to the company's Statutes. In accordance with European regulations and the Statutes, changes to the Statutes require a two-thirds majority of votes cast in case less than half of the share capital is represented in the AGM. Each year, an ordinary AGM takes place at which the Board of Management and Supervisory Board give an account of the preceding financial year. For special decisions, the German Stock Corporation Act provides for the convening of an extraordinary AGM.

## Accounting and auditing

The Allianz Group prepares its accounts according to § 315e of the German Commercial Code ("Handelsgesetzbuch – HGB") on the basis of International Financial Reporting Standards (IFRS) as adopted within the European Union. The annual financial statements of Allianz SE are prepared in accordance with German law, in particular the HGB.

In compliance with special legal provisions that apply to insurance companies, the auditor of the annual financial statements and of the half-yearly financial report is appointed by the Supervisory Board, not by the AGM. The audit of the financial statements covers the individual financial statements of Allianz SE and also the consolidated financial statements of the Allianz Group.

To ensure maximum transparency, we inform our shareholders, financial analysts, the media, and the general public about the company's situation on a regular basis and in a timely manner. The annual financial statements of Allianz SE, the Allianz Group's consolidated financial statements, and the respective management reports are published within 90 days of the end of each financial year. Additional information is provided in the Allianz Group's half-yearly financial reports and quarterly statements. Information is also made available at the AGM, at press and analysts' conferences, as well as on the Allianz Group's website. Our website also provides a financial calendar listing the dates of major publications and events, such as annual reports, half-yearly financial reports and quarterly statements, AGMs as well as analyst conference calls and financial press conferences.

You can find the 2018 financial calendar on our website at [www.allianz.com/financialcalendar](http://www.allianz.com/financialcalendar).

## Regulatory requirements

The regulatory requirements for corporate governance applicable for insurance companies, insurance groups, and financial conglomerates are additionally important. Specifically, they include the establishment and further design of significant control functions (risk management, actuarial function, compliance, and internal audit) as well as general principles for a sound business organization. The regulatory requirements are applicable throughout the Group in principle and have been implemented using written guidelines issued by the Board of Management of Allianz SE. Since the 2016 financial year, a market value balance sheet has to be prepared at solo and group level, which has to be examined and reported on separately by the auditors. Details on the implementation of the regulatory requirements for corporate governance by Allianz SE and by the Allianz Group can be found in the Solvency and Financial Condition Report of Allianz SE and of the Allianz Group, which are published on our website at [www.allianz.com/sfcr](http://www.allianz.com/sfcr).

# STATEMENT ON CORPORATE MANAGEMENT PURSUANT TO § 315d AND § 289f OF THE HGB

The Statement on Corporate Management pursuant to § 315d and § 289f of the German Commercial Code ("Handelsgesetzbuch – HGB") forms part of the Group Management Report. According to § 317(2), sentence 6 of the HGB, this Statement and therefore is not included within the scope of the audit.

## Declaration of Conformity with the German Corporate Governance Code

On 14 December 2017, the Board of Management and the Supervisory Board issued the following Declaration of Conformity of Allianz SE with the German Corporate Governance Code (hereinafter the "Code"):

### Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act

"Declaration of Conformity by the Management Board and the Supervisory Board of Allianz SE with the recommendations of the German Corporate Governance Code Commission in accordance with § 161 of the German Stock Corporation Act (AktG)

- Allianz SE currently complies with all recommendations of the German Corporate Governance Code (Code) in the version of February 7, 2017 and will comply with them in the future.
- Since the last Declaration of Conformity as of December 15, 2016, Allianz SE has complied with all recommendations of the German Corporate Governance Code in the version of May 5, 2015

Munich, December 14, 2017  
Allianz SE

For the Board of Management:  
Signed Oliver Bäte      Signed Dr. Helga Jung

For the Supervisory Board:  
Signed Michael Diekmann"

In addition, Allianz SE follows all the suggestions of the Code in its 7 February 2017 version.

The Declaration of Conformity and further information on corporate governance at Allianz can be found on our website at [www.allianz.com/corporate-governance](http://www.allianz.com/corporate-governance).

The listed company Oldenburgische Landesbank AG, which belonged to the Allianz Group in the 2017 financial year, issued its own Declaration of Conformity in December 2017, which states that it complies with all of the recommendations of the Code in the version of 7 February 2017.

## Corporate governance practices

### INTERNAL CONTROL SYSTEMS

The Allianz Group has an effective internal risk and control system for verifying and monitoring its operating activities and business processes, in particular financial reporting, as well as compliance with regulatory requirements. The requirements placed on the internal control systems are essential not only for the resilience and franchise value of the company, but also to maintain the confidence of the capital market, our customers, and the public. A comprehensive risk and control management system regularly also assesses the effectiveness and appropriateness of the internal control system as part of the System of Governance. For further information on our risk organization and risk principles, please refer to [page 62](#). For further information on our [Controls over Financial Reporting](#), please refer to [page 77](#).

In addition, the quality of our internal control system is assessed by the Allianz Group's Internal Audit Function. This function conducts independent, objective assurance and consulting activities, analyzing the structure and efficiency of the internal control systems as a whole. In addition, it also examines the potential for additional value and improvement of our organization's operations. Fully compliant with all international auditing principles and standards, Internal Audit contributes to the evaluation and improvement of the effectiveness of the risk management, control, and governance processes. Therefore, internal audit activities are geared towards helping the company to mitigate risks, and further assist in strengthening its governance processes and structures.

### COMPLIANCE PROGRAM

The sustained success of the Allianz Group is based on the responsible behavior of all Group employees, who embody trust, respect, and integrity. Through the global compliance program coordinated by its central compliance function, Allianz supports and follows internationally and nationally recognized guidelines and standards for rules-compliant and value-based corporate governance. These include the principles of the United Nations (UN Global Compact), the Guidelines of the Organization for Economic Co-operation and Development (OECD guidelines) for Multinational Enterprises, and European and international standards on data and consumer protection, economic and financial sanctions, and combating corruption, bribery, money laundering as well as the financing of terrorism. Through its support for and acceptance of these standards, Allianz aims to avoid the risks that might arise from non-compliance. The central compliance function is responsible – in close cooperation with local compliance departments – for ensuring the effective implementation and monitoring of the compliance program within the Allianz Group, as well as for investigating potential compliance infringements.

The standards of conduct established by the Allianz Group's Code of Conduct for Business Ethics and Compliance are binding for all employees worldwide. The Code of Conduct is available on our website at [www.allianz.com/corporate-governance](http://www.allianz.com/corporate-governance).

The Code of Conduct and the internal guidelines derived from it provide all employees with clear guidance on behavior that lives up to the values of the Allianz Group. In order to transmit the principles of the Code of Conduct and the internal compliance program based on these principles, Allianz has implemented interactive training programs around the world. These provide practical guidelines which enable employees to come to their own decisions. The Code of Conduct also forms the basis for guidelines and controls to ensure fair dealings with Allianz Group customers (sales compliance).

There are legal regulations against corruption and bribery in almost all countries in which Allianz has a presence. The global Anti-Corruption Program of the Allianz Group ensures the continuous monitoring and improvement of the internal anti-corruption controls. More information on the Anti-Corruption Program can be found in the Sustainability Report on our website at [www.allianz.com/sustainability](https://www.allianz.com/sustainability).

A major component of the Allianz Group's compliance program is a whistleblower system that allows employees and third parties to alert the relevant compliance department confidentially about irregularities. No employee voicing concerns about irregularities in good faith needs to fear retribution, even if the concerns turn out to be unfounded at a later date. Third parties can contact the compliance department via an electronic mailbox on our website at: [www.allianz.com/complaint-system](https://www.allianz.com/complaint-system).

## DESCRIPTION OF THE FUNCTIONS OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD AND OF THE COMPOSITION AND FUNCTIONS OF THEIR COMMITTEES

A description of the composition of the Supervisory Board and its committees can be found on [page 7 and 9](#) of the Annual Report. A description of the composition of the Board of Management can be found on [page 10](#), while the composition of the Committees of the Board of Management is described in the [Corporate Governance Report](#) starting on [page 12](#). This information is also available on our website at [www.allianz.com/corporate-governance](https://www.allianz.com/corporate-governance).

A general description of the functions of the Board of Management, the Supervisory Board, and their committees can be found in the [Corporate Governance Report](#) starting on [page 12](#), and on our website at [www.allianz.com/corporate-governance](https://www.allianz.com/corporate-governance).

## Information in accordance with the German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector

Allianz SE and the other companies of the Allianz Group in Germany that are either listed or subject to co-determination (the "subsidiaries concerned") have set the following targets for the Supervisory Board, the Board of Management, and the two management levels below the Board of Management. We will begin by describing the targets that had been set for 30 June 2017 and their implementation.

Article 17(2) of the German SE Implementation Act stipulates that as of 1 January 2016, the share of women and men among the members of the Supervisory Board of Allianz SE must each total up to 30% at least. The Supervisory Board currently in office fulfils this

requirement as it includes four women (33%). For the Board of Management of Allianz SE, the Supervisory Board had set a target of 11% for the percentage of women up until 30 June 2017. This target was exceeded, as the percentage of women on the Board of Management was 22%. As regards the proportion of women on the two management levels below the Board of Management, a target of 20% had been set. As of 30 June 2017, this target was met for the second management level, with a percentage of women being 24%, but not on the first level, where the percentage was 17%. The first management level below the Board of Management comprises a very small comparative group of executives. No suitable female candidates could be identified for the very few positions that became vacant in the period considered.

For the Supervisory Boards of the subsidiaries concerned, target quotas were set at 29% on average up until 30 June 2017. Seven of the nine subsidiaries concerned reached this target. The listed company Oldenburgische Landesbank AG met the applicable statutory minimum share requirement. The target quotas for the Board of Management of the subsidiaries concerned were between 11% and 25% (18% on average) and were met by only five of the ten companies. For the two management levels below the Board of Management, the Boards of Management of the subsidiaries concerned had set a target quota of at least 20%. At the first management level, the target was met by three of the ten subsidiaries, while six of the ten companies met the target set for the second management level as of 30 June 2017. Despite increased efforts to promote women in the Allianz Group and also at the individual subsidiaries, it was not possible to achieve the targets in these cases, as it was not always possible to identify suitable female candidates for all vacant positions.

The following new targets were set for Allianz SE and the subsidiaries concerned in the 2017 financial year:

For the Supervisory Board of Allianz SE, the statutory minimum share requirement applies. With respect to the Board of Management of Allianz SE, the Supervisory Board adopted a resolution in August 2017 setting the target for the share of women at 30%, to be achieved by 31 December 2021. As regards the proportion of women on the first and second management levels below the Board of Management, the Board of Management of Allianz SE set the targets at 20% and 25%, respectively, for 31 December 2018.

The Supervisory Boards of the subsidiaries concerned set a target share of women on the Supervisory Board at a minimum of 30%, to be reached by the end of 2018. Given the targets achieved to date, the target quotas were raised for the Management Boards of three of the subsidiaries concerned. For the other companies, the current target quotas of between 11% and 25% (20% on average) were maintained and extended to 31 December 2018. The Boards of Management of the subsidiaries concerned have set target quotas for the relevant management levels of between 20% and 33% in each case to be reached by 31 December 2018. In the longer term, Allianz aims to place women in at least 30% of the positions at these two management levels throughout the Group.

## Diversity concepts for the Board of Management and Supervisory Board

In accordance with the legislation to implement the European CSR Directive, the diversity concepts for the Board of Management and the Supervisory Board, their objectives, implementation, and results achieved are to be reported on for the first time for the 2017 financial year.

The Supervisory Board stipulated the following diversity concept for the Board of Management of Allianz SE in August 2017:

“For the composition of the Management Board, the Supervisory Board aims for an adequate “Diversity of Minds”. This comprises broad diversity with regard to gender, internationality as well as educational and professional background.

The Supervisory Board assesses the achievement of such target, inter alia, on the basis of the following specific indicators:

- adequate proportion of women on the Management Board: at least 30% until December 31st, 2021;
- adequate share of members with an international background (e.g. based on origin or extensive professional experience abroad), ideally with connection to the regions in which Allianz Group is operating;
- adequate diversity with regard to educational and professional background, taking into account the limitations for the Supervisory Board by regulatory requirements (fitness).“

This diversity concept is implemented in the appointment procedure for members of the Board of Management by the Supervisory Board. It is ensured that lists of successors shall comprise an appropriate percentage of female candidates as well as candidates with international experience. The Personnel Committee takes this into consideration especially in succession planning. The current composition of the Board of Management is in accordance with the diversity concept: Its share of women is currently 22%. Six members of the Management Board have international backgrounds. There is an adequate degree of variety as regards educational and professional background.

The diversity concept for the Supervisory Board was approved by the Supervisory Board in August 2017 and included in the objectives for the composition of the Supervisory Board (see No. II.2 of the objectives for the composition of the Supervisory Board on [page 15](#)). The Supervisory Board pursues these objectives, and thus also the diversity concept, nominating the candidates for the shareholder representatives. As the employee representatives are appointed according to different national provisions, there is only limited potential influence to the selection of employee representatives. The Supervisory Board is currently composed in accordance with the diversity concept. For details please see the [Corporate Governance Report](#) on [page 12](#).