

An aerial photograph of a modern glass skyscraper, likely the One World Trade Center, in a city skyline. The building is the central focus, with its glass facade reflecting the sky and surrounding buildings. The city extends to the horizon under a blue sky with scattered white clouds.

SHAPING OUR SUSTAINABLE FUTURE

ALLIANZ GROUP
SUSTAINABILITY REPORT 2018

Allianz 

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WHAT IS NEW IN THIS REPORT?

SDG Icons: Throughout the report, you will find icons related to the U.N. Sustainable Development Goals (SDGs). For each chapter and case study, we have determined the SDGs where Allianz most contributes with its activities. The size of each icon indicates the level of impact we can have.



Highlighting our performance: In this report, our sustainability performance data is highlighted in two ways. Firstly, we have included graphs highlighting the most important trends. Secondly, we refer to our data tables in the back using a circle icon (example: ☉ Table ESG-1) to help you better understand trends in our data.



This year's cover page shows the office tower at 10 Hudson Yards in New York City (USA). The tower received LEED Platinum Certification from the US Green Building Council. The tower is one of the certified green buildings in the portfolio of Allianz Real Estate GmbH.

Disclaimer regarding rounding

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

01 INTRODUCTION

WELCOME

INCREASING TRANSPARENCY

Allianz believes that building a sustainable business means increasing transparency and promoting open dialog about our opportunities and challenges. That is why we aim to communicate openly and comprehensively about our corporate responsibility commitments, approach and performance against our commitments.

We organize our Sustainability Report around our strategic approach and the five key roles we play in society. This year, we begin with an in-depth look how Allianz is helping to drive progress towards a low-carbon future, and how we are addressing the challenges and opportunities to decarbonize our business.

How to use this report

In this report, we disclose our major corporate responsibility-related policies, strategies, actions and progress, including delivered through our: ESG Integration Framework; Allianz Climate Strategy; Allianz Corporate Citizenship Strategy; Group Environmental Guideline; Group Code of Conduct; Modern Slavery Statement and other policies and frameworks. For details on these policies, please see our [website](#).

Our suite of reports

Our Sustainability Report is part of an increasingly comprehensive suite of reports that provide transparency and information for all our stakeholders. They include:

- The [Allianz Group Annual Report](#) which provides detailed information for our investors on our corporate governance, management and financial statements.

- The [Non-Financial Report](#)¹ which is compiled in accordance with the German CSR Directive Implementation Act (EU Directive 2014/95/EU) and focuses on the key performance indicators (KPIs) that reflect our most material sustainability issues and that we use to manage our business.
- Specialized reports such as the [Allianz People Fact Book](#), the [Allianz Tax Transparency Report](#) and [Principles for Responsible Investment \(PRI\) Transparency Report](#) which go into greater depth on specific issues.
- Sustainability reports published by several of our operating entities, which provide a more in-depth view of the local corporate responsibility activities, achievements and challenges.

You can find all reports and disclosures on our website at www.allianz.com/sustainability.

DISCLOSING OUR CORPORATE RESPONSIBILITY APPROACH



Additional disclosures

Group Code of Conduct, Responsible Tax Strategy, Modern Slavery Statement, Lobbying Code of Conduct ...

REPORTING ON OUR PROGRESS



Additional reports

People Fact Book, Tax Transparency Report, PRI transparency Report ...

¹ The Non-Financial Report is part of the Allianz Group Annual Report as of reporting year 2018.

INTRODUCTION: ALLIANZ GROUP AT A GLANCE

With over 92 million customers worldwide, Allianz has grown to be one of the world's largest insurers, investors and assistance providers.

This enables us to protect our customers locally and to offer an increasingly diverse global portfolio of products and services that meet both our customers' needs and the needs of wider society.

We stand for trust and strive for profitable and sustainable growth that ensures everyone who belongs to our community benefits.



Total revenue approx.

€130.6 bn



Third-party assets of

€1,436 bn



Allianz Group serves

92 mn
customers



Over

142,300
employees worldwide



Active in more than

70
countries



INTRODUCTION: BUSINESS MODEL

Allianz SE and its subsidiaries (the Allianz Group) offer property-casualty insurance, life/health insurance, and asset management products and services in over 70 countries, with the largest of our operations located in Europe. The Allianz Group insures 92 million customers.

Our structure reflects both our business segments and geographical regions. Business activities are organized by product and type of service: insurance activities, asset management activities, and corporate and other activities. Insurance activities are further divided into Property-Casualty and Life/Health categories.

INSURANCE OPERATIONS

We offer a wide range of property-casualty and life/health insurance products to both retail and corporate customers:

- The Property-Casualty business segment includes motor, accident, property, general liability, travel insurance and assistance services.
- The Life/Health business segment offers savings and investment-oriented products in addition to life and health insurance.

We are the leading Property-Casualty insurer worldwide and rank among the top five in the Life/Health insurance business. Most of our insurance markets are served by local Allianz companies. However, some business lines – such as Allianz Global Corporate & Specialty (AGCS), Allianz Partners (AP) and Credit Insurance – are run globally.

ASSET MANAGEMENT

Our two major investment management businesses, PIMCO and AllianzGI, operate under Allianz Asset Management (AAM). We are one of the largest asset managers in the world that actively manage assets. Our offerings cover a wide range of equity, fixed income, and alternative investment products and solutions. Our core markets here are the United States, Germany, France, Italy, the United Kingdom, and the Asia-Pacific region.

CORPORATE AND OTHER

The Corporate and Other business segment's activities include the management and support of the Allianz Group's businesses through its central holding functions, as well as Alternative Investments and other business units.

INTRODUCTION:

SUSTAINABILITY PERFORMANCE HIGHLIGHTS



SUSTAINABLE INSURER

(+) See more in section 04.

- 470 insurance transactions assessed for ESG risks.
- 1.56 billion Euro revenue generated through Sustainable Solutions.

- 43.8 million customers in the emerging consumers market.
- Continued to train underwriters and relevant employees on our ESG screening processes.



RESPONSIBLE INVESTOR

(+) See more in section 05.

- 5.4 billion Euro additional sustainable investments, bringing the total to 25.1 billion Euro.
- Launched systematic approach for engagement on environment, social and governance with 12 companies.

- Tightened restrictions on coal-based business models and introduced a long-term action plan for coal until 2040.
- 175.6 billion Euro third party Sustainable and Responsible Investments (SRI) across AllianzGI and PIMCO.
- AllianzGI and PIMCO published their first ESG reports.



TRUSTED COMPANY

(+) See more in section 06.

- Net Promoter Score: 74% of Allianz Group business segments scored above market average or in a loyalty leader position in 2018.
- Adopted the Allianz Privacy Standard reflecting requirements of the GDPR.
- 562 suppliers have contracted our Vendor Code of Conduct for 2018.

- Acceptance of our Binding Corporate Rules for international data transfers.
- Signed up to RE100 committing to 100% renewable energy by 2023.
- 27% cut in CO₂ emissions per employee since 2010.



ATTRACTIVE EMPLOYER

(+) See more in section 07.

- 71% score in the Inclusive Meritocracy Index – our key measure of cultural change – up from 68% in 2015.
- Launched LinkedIn Learning @ Allianz.

- 38% Allianz managers in our core business are women.
- Rolled out newly launched Employee Share Purchase Program to around 80% of Allianz population.



COMMITTED CORPORATE CITIZEN

(+) See more in section 08.

- 25.8 million Euro corporate giving (2017: 20 million Euro).
- Expanded Encouraging Future Generations with the Allianz Social Innovation Fund and Allianz Future Generations Award.
- Third Allianz World Run raised 300,000 Euro for SOS Children's Villages.

- Since 2017, our Social Innovation Fund has invested almost 400,000 Euro across 14 countries to support the education, training and employability of children and youth.

INTRODUCTION: CEO'S PERSPECTIVE



“After 128 years of a company history filled with changes, transformation has once again taken center stage in our strategy and demands our attention. It will determine not just how we do business, but how we live up to our corporate responsibility for the environment, climate and society as a whole, all over the world.”

If you've earned and kept clients' trust for considerably more than a century, you're no stranger to sustainability. Not in business, and not in dealing with the environment you work in. In fact, our commitment to society is completely inseparable from our operations as one of the world's largest insurers and asset managers, with over 92 million clients. They've chosen Allianz because they trust us. Because they're sure that with us, their money is in good hands. Not to mention because – today more than ever – they quite rightly expect us to deliver not just success for our clients, shareholders and employees, but positive contributions toward resolving the problems of society as a whole. And that will only work if we ourselves are the ones pushing transformation ahead on a global scale, both in business as well as at the societal level.

Our understanding of Corporate Responsibility, and what we're doing to support sustainable development, forms the basis of this report. It includes our consideration of the United Nations Sustainable Development Goals, and offers an overview of our entire commitment to corporate responsibility.

One example of our commitment is our climate strategy. This demonstrates how transformation, sustainability and profitability can go hand-in-hand. Since the 2015 Paris Climate Conference, nobody

can reasonably deny that human-induced climate change (CO₂ emissions) represents not only a social and environmental risk, but also a considerable financial one. Therefore, everything we do must take into consideration ESG (environmental, social, governance) factors. We're proud to say that we're a pioneer in turning away from coal business – both as an investor and as an insurer. Our aim is that 100% of Allianz's energy needs to come from renewable sources by 2023. And by 2050, we want all our assets to be climate-neutral.

This report also provides detailed information about our application of ESG criteria at all levels of our business, and keeping our sustainability approach up-to-date. It is also about what we're doing to promote social inclusion – including our Encouraging Future Generations program, which supports children and young people around the world. This segment of our sustainability strategy is particularly important to me. It pertains, for example, to our partnership with the SOS Children's Villages, which our employees help support worldwide through efforts such as our Allianz World Run. The number of kilometers our employees run determines the size of our donation to the Villages. We've raised 1.4 million Euro over the last three years, with the participation of up to 10,000 runners in 123 countries. We also rolled out a new online mentoring program in which Allianz employees can

provide advice to young people from the Villages, for example on how to prepare a job application.

I'm especially proud that Allianz is consistently viewed as a Corporate Responsibility leader. In 2018, for example, the Dow Jones Sustainability Index rated us the leader in our industry for the second time in a row. During the 2018 reporting year, the responsible investment strategies of Allianz SE, PIMCO and Allianz Global Investors received A+ ratings from the Principles for Responsible Investment. The MSCI ESG Research rating agency rated us AAA. As we see it, all of this confirms that our sustainability strategy is on the right track – even as we constantly continue to learn along the way.

I hope you enjoy reading this report and that it brings you a great deal of optimism about the future. And I hope you'll join us in shaping a world that is healthier, less wasteful, more productive, more fair, and more sustainable.

Sincerely yours -
Oliver Salo

Chairman of the Board of Management
Allianz SE

02

IN-FOCUS:

DRIVING PROGRESS TOWARDS A LOW-CARBON FUTURE



In 2018, the Intergovernmental Panel on Climate Change (IPCC) reiterated the importance of limiting global warming to well below 2°C. The panel's report states that, if the current rate of warming continues, we will see a global temperature increase of 1.5°C by around 2040 with a high risk of dangerous and catastrophic impacts – ranging from loss of species and vulnerable small island communities to severe and frequent droughts, heatwaves and flooding.

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For Allianz, countering climate change and limiting global warming is a crucial priority. We are fully committed to the 2015 Paris Climate Agreement's target to limit global warming to well below 2°C and we understand that reaching this goal will require a rapid and full decarbonization of the global economy.

As one of the world's largest insurers and institutional investors, we have an important opportunity and a responsibility to use our leverage to shape the global low-carbon future. We are taking concrete actions and working with others to understand the science, develop and implement solutions and mitigate the impacts of climate change. We are anticipating the risks of climate change, protecting and caring for our customers through our insurance products and enabling the transition to a low-carbon economy with our insurance and investment activities.

“Climate change generates enormous economic and social risks. It is already harming millions of people today. As a leading insurer and investor, we want to promote the transition to a climate-friendly economy.”



Oliver Bäte

Chairman of the Board of Management
Allianz SE

IN-FOCUS: DRIVING PROGRESS TOWARDS A LOW-CARBON FUTURE

02.1 OUR CLIMATE CHANGE STRATEGY

ANTICIPATE. CARE. ENABLE.

Since 2005, our Climate Change Strategy has aimed at developing solutions that help mitigate and manage the impacts of climate change by focusing on our ability to **anticipate, care** and **enable**. We have regularly updated our strategy and have adopted the Paris Climate Agreement's target in our ambition across our business activities, building on our well-established ESG approach.

Anticipate.

We constantly work to identify and manage risks and opportunities resulting from climate change, both as part of our overall business strategy and in developing and adjusting our financial products and services. This includes screening investments for climate-related risks and excluding certain sectors, as well as improving transparency around climate-related disclosures. We have an industry-leading threshold for coal and we have committed to bring this down to zero thereby completely phasing out coal-based business models from our business no later than 2040.

We are working to further align our strategy and reporting with the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

Care.

We care for those vulnerable to climate change, supporting our customers to reduce risks and minimize damage while compensating those who have suffered losses and insuring low-carbon developments. We are working with our partners to provide climate risk insurance for up to 400 million people in the most vulnerable developing countries by 2020 as well as to pilot innovative solutions in developing and emerging countries.

Enable.

We have announced new commitments to actively support the transition to a global low-carbon economy over the coming decades. We provide sustainable solutions for our customers, including insurance solutions that support renewables and energy efficiency around the world. In May 2018, we joined the Science Based Targets initiative (SBTi) and committed to set long-term climate goals for our operations and proprietary investments, linked to the Paris Climate Agreement's target to limit global warming to well below 2°C. We are striving to minimize our environmental impact and are committed to source 100% renewable power for our group-wide operations by 2023.



Read on to find out more about how we are translating our Climate Change Strategy into action.

DELIVERING THE UN SUSTAINABLE DEVELOPMENT GOALS

The SDGs are a universal call to action to end poverty, protect the planet and improve global political and economic stability. By the very nature of what we do – protecting people and businesses against risks – we contribute to our customers' long-term financial wellbeing and stabilize local economies which underpin the SDGs.

We have identified the following two SDGs (and the respective targets) as those to which we make the greatest contribution by delivering our Climate Change Strategy:



SDG 7

Ensure access to affordable, reliable, sustainable and modern energy for all

SDG Targets:

- 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.
- 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
- 7.3 By 2030, double the global rate of improvement in energy efficiency.



SDG 13

Take urgent action to combat climate change and its impacts

SDG Targets:

- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- 13.2 Integrate climate change measures into national policies, strategies and planning.
- 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



Find out more about how we are contributing to the UN Sustainable Development Goals on page 17.

IN-FOCUS: DRIVING PROGRESS TOWARDS A LOW-CARBON FUTURE

02.2 TRANSLATING STRATEGY INTO ACTION

Through our strategy, we are taking a multi-faceted approach to decarbonization and supporting the transformation to a low-carbon economy. These are just some of our actions.

ANTICIPATE.

Phasing out coal to tackle long-term risks

We began divesting from coal-based business models in 2015 and we continue to strengthen our approach. We will lower the threshold for coal-based business models from 30 percent to 25 percent by the end of 2022, a value that applies to the maximum revenue mining companies can generate by mining coal and the maximum percentage of electricity energy companies are allowed to generate from coal. This is a short-term step towards our commitment to fully phase out coal-based business models across our proprietary investments and property & casualty (P&C) insurance portfolios. We will continue to successively lower the threshold to zero by 2040 at the latest.

Additionally, we strengthened our exclusion criteria to no longer invest in energy companies that put the Paris Climate Agreement's target at risk by building coal-fired power plants considered excessive, or that would have to retire more than 50% of their generation's capacities over the next ten years in order to meet the target².

We have decided to no longer provide insurance for the construction and/or operation of single coal-fired power plants or coal mines as of 2018.

Companies that generate electricity from multiple sources, such as coal, other fossil fuels, or renewable energies, will continue to be insured and individually reviewed on the basis of our general ESG criteria (page 26). To support the change, we are committed to working with our clients to find suitable solutions that enable a joint path towards a low-carbon economy. We are further developing our approach to coal to reach our target of a complete phase-out by 2040 at the latest.

Working towards greater transparency

We strongly believe that, for customers and investors to be able to make informed decisions, companies must report comprehensively on their climate-related risks and their actions to tackle them. We have advocated for greater transparency and reporting on these risks by companies for a number of years and we strongly support the 2017 recommendations of the TCFD. As well as reporting on our own climate-related risks and opportunities based on the TCFD framework, we are encouraging other companies within our sector and beyond to improve their disclosure. We do this through our work with the G7 Investor Leadership Network, the UN Environment Programme

Finance Initiative (UNEP FI), and the Principles for Sustainable Insurance (PSI) initiative, as well as through our memberships in The B Team, the World Economic Forum (WEF) Alliance of CEO Climate Leaders and others.

CARE.

Protecting the most vulnerable

As well as working to combat climate change, we reduce the impacts of climate risks, incentivize preventive measures to increase customers' resilience and compensate for climate-related damages by providing insurance. The higher the level of insurance coverage of a country, the more resilient it is to extreme natural events.

We aim to help provide climate risk insurance for up to 400 million people in the most vulnerable developing countries by 2020 through our active support of the InsuResilience Global Partnership. We also share our expertise to help countries manage climate risks. In 2017, we formed a three-year strategic alliance with the German Corporation for International Cooperation (GIZ) with the goal of 'Closing the Protection Gap'. Through our partnership, we are setting up programs to reduce flood risk and provide insurance for municipalities in Ghana's capital, Accra, as well as for small and medium-sized enterprises in an important industrial zone in Morocco (see page 30).

"As a long-term investor, we want to drive and shape the change to a climate-friendly economy. There is still pioneering work to be done. For example, we need valid methods to evaluate climate strategies of companies. For our portfolio, the adaptability of business models to a well-below 2°C target will be a decisive selection criterion. It is important to limit global warming. We hope that our efforts support political action."



Katharina Latif

Head of Corporate Responsibility
Allianz SE

² For details and definitions, please see the case study on Decarbonizing our investments on page 36.

IN-FOCUS: DRIVING PROGRESS TOWARDS A LOW-CARBON FUTURE

02.2 TRANSLATING STRATEGY INTO ACTION

ENABLE.

Our science-based approach to decarbonization

We are working to reduce greenhouse gas emissions from our operations in line with the target of the Paris Climate Agreement. In 2018, as part of the RE100 initiative, we committed to source 100% renewable power for our group-wide operations by 2023 (page 54). This commitment will more than double the current share of renewables in our energy mix and covers the power demand for the office space we occupy and our data centers. With operations in over 70 countries, we will need to engage deeply with our suppliers and landlords to bring this about.

We are also working with academia and the Science Based Targets initiative (SBTi) to develop methodologies to set long-term goals for climate protection and to fully integrate the Paris Climate Agreement target into the investment of our customers' insurance premiums. This means applying different approaches to quantify the carbon performance of our entire proprietary investment portfolio to better understand risks and opportunities related to decarbonization.

Most importantly, we have committed that our investment portfolio will have net-zero emissions by 2050. This is one of the main ways we can leverage our influence to tackle climate change.

Measures will continue to be steered through our ESG integration approach, which is applied to companies with high ESG risks (see section 05.2). Companies that do not succeed in adjusting their greenhouse gas emissions to the Paris C Agreement target will be gradually removed from our portfolio.

Promoting active dialog

Reaching the target of the Paris Climate Agreement will need wide-ranging decarbonization efforts across markets and industries. This is why we have chosen an active engagement approach towards investee companies as well as policy makers as our best opportunity to create real-economic impact and foster commitments from other companies to define and implement climate strategies in line with science.

We started active dialogs with companies to define and implement their own climate protection targets, starting with four particularly energy-intensive sectors: Energy, Transport, Industry and Materials.

The financial industry is challenged by only-emerging methods and analytical tools to conduct forward-looking and science-based carbon analysis. Many companies are still unable to make precise statements about their carbon performance or those of their supply chain due to a lack of data and procedures. By setting the clear expectation that companies commit to verifiable climate targets that are pursued and made transparent (e.g. by joining the SBTi), we will not only drive down our portfolio emissions, but, more importantly, achieve real-world emission reductions. We are also working with recognized climate experts, non-governmental organizations, and committed companies within SBTi to develop marketable analysis tools for investors to integrate the "well below 2°C target."

Investments to support the global energy transition

Our low-carbon investment portfolio continues to grow through, for example, investments in environmentally certified real estate (page 39), co-financing renewable energy in emerging markets with development banks, seeking opportunities in green bond investing and expanding our investments in renewable energy (page 37).

Our total financial commitment to low-carbon investments³ amounts to 23.7 billion Euro (see also ☺ Table ESG-8) at the end of 2018. We plan on increasing our investments in the future.

WHAT IS THE SCIENCE BASED TARGETS INITIATIVE?

The [Science Based Targets initiative \(SBTi\)](#) is a non-profit organization which supports companies in setting emission reduction targets that are in line with achieving the Paris Climate Agreement target. It is the most ambitious initiative on decarbonization in the market, requiring real-economy decarbonization targets and progress in line with pathways to well below 2°C. We see the SBTi as an enabler to build on our long-standing commitments and our efforts on driving the low-carbon economy.



Find out more

To read more about how we are tackling climate change through our sustainability roles and strategy, please refer to the following pages:

Integrating ESG into investments and insurance: section 03.4.

Investing in the low-carbon economy: page 37.

Insuring the low-carbon economy: section 04.4.

Promoting access to financial solutions for emerging consumers: page 29.

Managing our environmental impacts and reducing our emissions: section 06.6.

³ Renewable energy investments, certified green buildings, and green bonds.

03 MANAGING SUSTAINABILITY



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MOST SUSTAINABLE INSURER



No. 1

insurer in the Dow Jones Sustainability Index for the second year in a row.

Our score of 85 out of 100 points was well above the average sector score of 47 points. We were also rated best in the sector for climate strategy, human capital development, information security, tax strategy and financial inclusion.



“As a responsible insurer, investor and employer, we contribute to positive social and economic development in all markets in which we are present. The ranking in sustainability indices motivates us. It shows that our focus on ecological, social and governance criteria is being acknowledged by sustainability experts.”

Günther Thallinger

Member of the Board of Management,
Investment Management and ESG
Allianz SE

MANAGING SUSTAINABILITY

03.1 OUR CORPORATE STRATEGY

Allianz Group seeks to position itself as one of the world's most trusted financial services providers and a global sustainability leader. That means creating sustainable economic value through a long-term commitment to strong corporate governance, social responsibility and environmental stewardship.

We want our stakeholders to know that Allianz is a financially solid, trustworthy company that embraces sustainable business as good business. A company whose heart beats for its customers, and its employees.

To achieve it, we are adapting our business strategy to deliver the Renewal Agenda. It drives us forward by setting out what we want to achieve and how we will work together to deliver our goals across five key areas.

In 2018, we continued to develop and implement our strategic approach, building on the five pillars of success – integrity, financial strength, technical competence, operational excellence and talent base.

Our Corporate Responsibility Strategy ensures we deliver these goals in a way that makes us one of the most responsible insurance and investment businesses in the world.



For further details read [here](#)

OUR RENEWAL AGENDA

Five mutually reinforcing levers...

TRUE CUSTOMER CENTRICITY	Make superior customer experience the top priority for all our actions.
DIGITAL BY DEFAULT	Move from selected leading assets to become 'Digital by Default' everywhere.
TECHNICAL EXCELLENCE	Create superior margins, innovation, and growth through best talents and state-of-the-art skills.
GROWTH ENGINES	Systematically exploit new sources for profitable growth.
INCLUSIVE MERITOCRACY	Reinforce a culture where both people and performance matter.

TARGETS

To deliver our Renewal Agenda, we set clear annual targets:

Targets 2018	Results 2018	Targets 2019–2021
3-year Earnings per Share (EPS) growth with a compound annual growth rate (CAGR) of 5%	6.2%	5% plus
Total Return on Equity (RoE ⁴) of 13%	13.2%	13% plus
At least 75% of our businesses to be rated by their customers as Loyalty Leader in terms of Net Promoter Score	74%	75% plus
Increase our Inclusive Meritocracy Index (IMIX) to 72%	71%	73% plus

⁴ Excluding unrealized gains/losses on bonds, net of shadow accounting.

MANAGING SUSTAINABILITY

03.2 OUR CORPORATE RESPONSIBILITY STRATEGY

Our Corporate Responsibility (CR) Strategy ensures that we manage our sustainability-related risks and opportunities. It drives performance across the sustainability issues that are most important to our business strategy and our stakeholders.

We are working to align our CR Strategy with the Renewal Agenda and ensure it drives implementation and continuous improvement across the Group.

MATERIALITY

To succeed, we need to understand and respond to the changing world in which we operate. With our materiality assessment we identify the megatrends and solutions perceived as being of highest importance to our stakeholders to our sustainability approach. So we can ensure that our CR Strategy and our report content continue to focus on the most important matters.

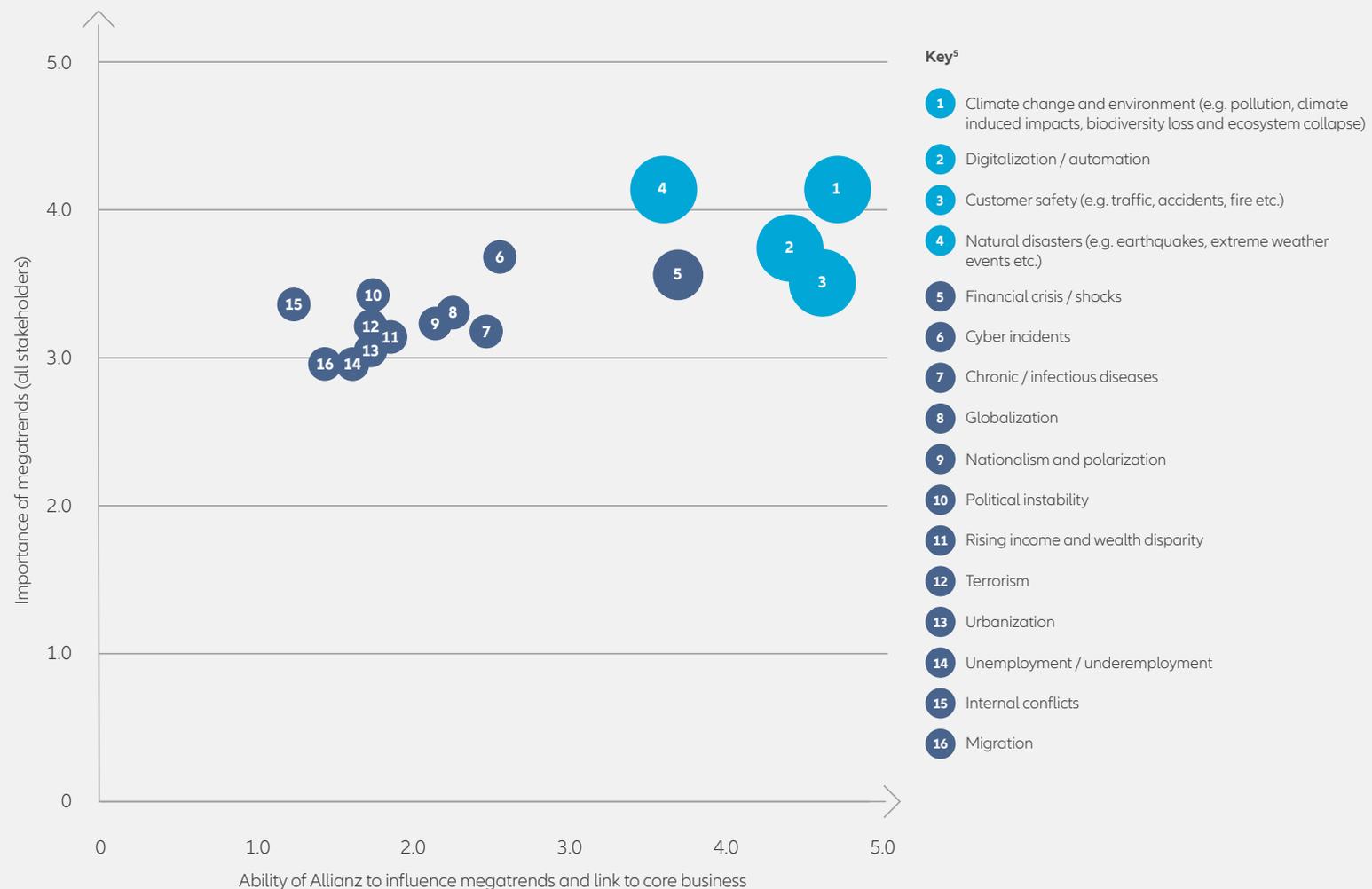


Please find the methodology of our materiality assessment on page 15.

The results showed that the perceived most important megatrends we should be addressing are:

- **Climate change and environment** (e.g. climate-induced impacts, biodiversity loss, etc.)
- **Digitalization / automation**
- **Customer safety** (through insurance products)
- **Natural disasters** (e.g. earthquakes, extreme weather events etc.)

IMPORTANCE OF MEGATRENDS FOR ALLIANZ AGAINST ABILITY OF ALLIANZ TO INFLUENCE MEGATRENDS AND LINK TO CORE BUSINESS



Key⁵

- 1 Climate change and environment (e.g. pollution, climate induced impacts, biodiversity loss and ecosystem collapse)
- 2 Digitalization / automation
- 3 Customer safety (e.g. traffic, accidents, fire etc.)
- 4 Natural disasters (e.g. earthquakes, extreme weather events etc.)
- 5 Financial crisis / shocks
- 6 Cyber incidents
- 7 Chronic / infectious diseases
- 8 Globalization
- 9 Nationalism and polarization
- 10 Political instability
- 11 Rising income and wealth disparity
- 12 Terrorism
- 13 Urbanization
- 14 Unemployment / underemployment
- 15 Internal conflicts
- 16 Migration

⁵ The megatrends are ranked according to a total score, which is the average of the influence and importance values. The size of the bubbles is related to the importance of the trend.

MANAGING SUSTAINABILITY

03.2 OUR CORPORATE RESPONSIBILITY STRATEGY

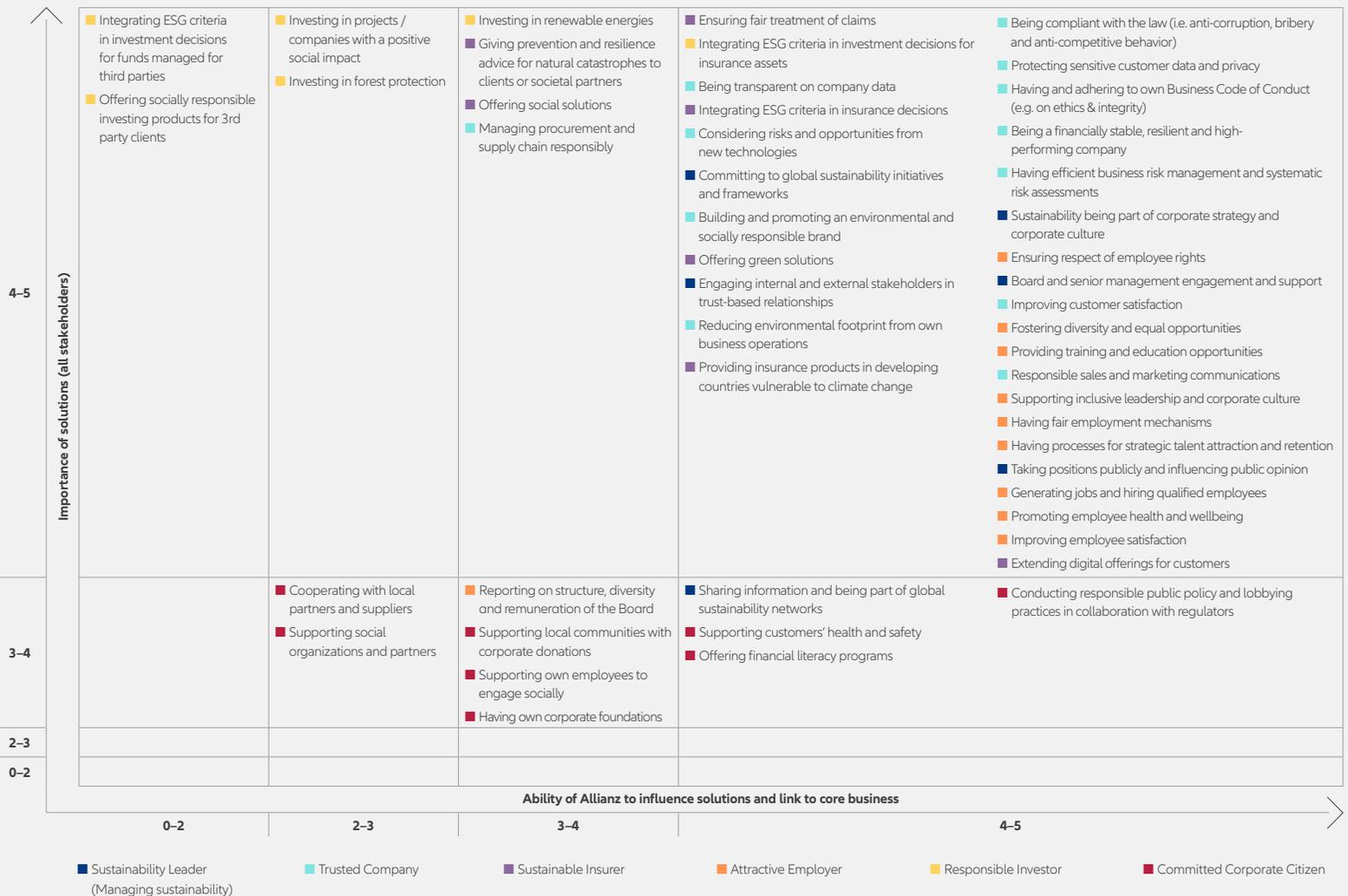
MATERIALITY CONTINUED

To address those megatrends we offer various solutions. The results of the analysis are shown on the right. We constantly work on aligning our solutions to address these megatrends.

Key findings of our 2018 materiality assessment:

- These results do not differ significantly from our 2016 results and they continue to support our current CR approach.
- Our focus on **climate change** and the **environment** was confirmed; risk and disaster prevention are already addressed by various functions as part of our core business. We will further assess the topic of **natural disasters** to ensure they are fully reflected in our strategy and reporting.
- **Digitalization** is a key topic of our Corporate Strategy and is considered material by our stakeholders. We will increase our focus on communicating about digitalization in the context of corporate responsibility and will further assess strategic links between our digitalization and Corporate Responsibility Strategies.
- **Customer safety** is a core business topic and considered materially important by our stakeholders. We will focus more on the role insurers play in society (providing safety through insurance solutions, providing advice and risk-awareness and prevention) in our external communication and reporting.

IMPORTANCE OF SOLUTIONS FOR ALLIANZ AGAINST ABILITY OF ALLIANZ TO INFLUENCE SOLUTIONS AND LINK TO CORE BUSINESS



MANAGING SUSTAINABILITY

03.2 OUR CORPORATE RESPONSIBILITY STRATEGY

MATERIALITY CONTINUED

- **Social trends** were rated relatively low, despite external reports highlighting major social trends such as social instability, involuntary migration, the aging society, population growth in developing countries etc. as being highly relevant. Social topics (corporate citizenship activities) were also rated lowest on the solutions side. We will focus on linking our social inclusion pillar to the core business and communicating our efforts more clearly. We will also further analyze our impacts on social topics and define key areas for implementation, supported by our ongoing SDG impact assessment.
- **Corporate governance topics** scored highly, demonstrating their perceived importance to our stakeholders. These aspects are already integrated and communicated in our organization.
- **Integrating CR into our company strategy** is of high relevance to our stakeholders, as is the topic of company culture and strong board and senior management support. We will continue to work on integrating CR across countries and functions backed by strong board support.

Besides the materiality analysis, we have regular touchpoints with our various stakeholder groups to ensure their views are considered in our decision making (for further details please see page 23).

METHODOLOGY OF MATERIALITY ASSESSMENT

- Alongside research to assess external megatrends, reports such as PwC Megatrends and various Allianz customer reports like the AGCS Risk Barometer with more than 2,000 risk experts being surveyed, we carried out a survey involving 598 stakeholders including customers, employees, peers, NGOs, and investors.
- We asked them to rate the importance of our material issues (megatrends impacting Allianz and solutions Allianz can offer).
- 545 stakeholders⁶ participated in an online survey; the others were interviewed in workshops or via telephone.
- Our methodology was based on the Global Reporting Initiative's guidance on materiality analyses as well as on external rating requirements such as those given by the Dow Jones Sustainability Index (DJSI).

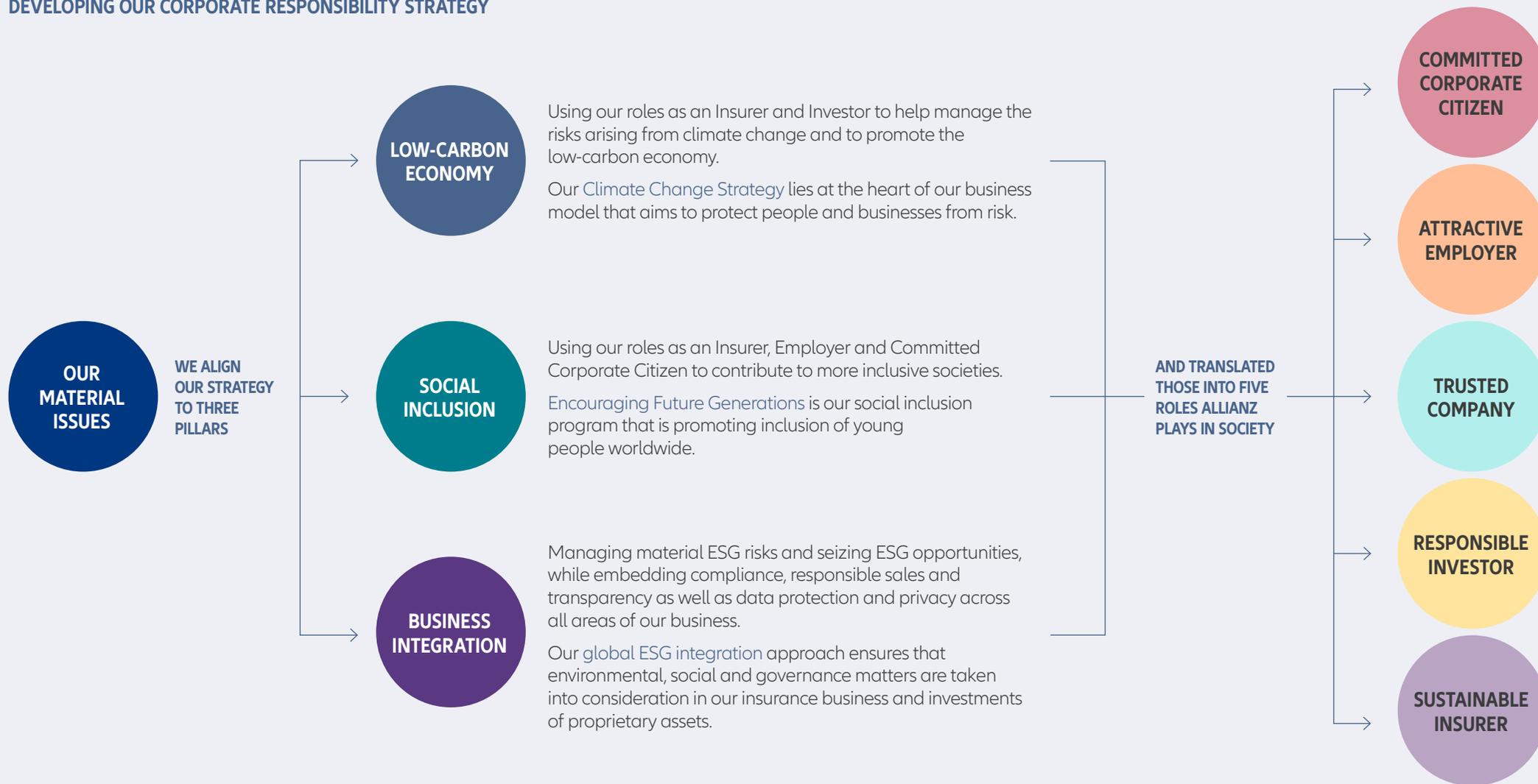


⁶ Stakeholders engaged: 545 customers across Germany, France, UK, Malaysia and Australia; 37 Allianz employees and 16 societal stakeholders (5 NGOs, 4 investors, 5 peers and 2 journalists).

MANAGING SUSTAINABILITY

03.2 OUR CORPORATE RESPONSIBILITY STRATEGY

DEVELOPING OUR CORPORATE RESPONSIBILITY STRATEGY



MANAGING SUSTAINABILITY

03.3 CONTRIBUTING TO THE UN SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) represent a global call to action for stakeholders in all countries to come together and address some of the greatest barriers to sustainable development facing society. As the role business must play has become clearer, the goals have developed into an increasingly important tool for assessing the impacts of companies on society more comprehensively.

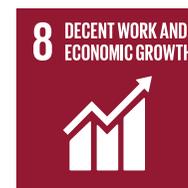
In 2017, we analyzed and identified the SDGs to which we contribute most using the guidance set out in 'Business Reporting on the SDGs: An Analysis of the Goals and Targets'. We collected input from our business units and experts to map strategic projects, targets, policies, and disclosures against the business indicators of the SDGs. The outcome enabled us to initially identify the SDGs to which we believe Allianz makes a particularly significant contribution. Throughout this report we highlight all SDGs we are contributing to (the size of the SDG reflects how much we pay into it).

So far, we were not able to measure the actual positive or negative impact we have on the SDGs. Therefore, in 2018, we engaged an external agency to carry out a data-rich assessment of how our business activities and revenue / income streams align with the SDGs across the value chain, to enable us to better measure and communicate our financial, environmental and social impacts and benefits.

The assessment encompassed both the positive and negative impacts of Allianz's performance on the SDGs, including benchmarking against our industry peers, using a process which included:

- science-based, data-rich assessment of SDG materiality across the value chain and operating geographies;
- quantified SDG risks and opportunities linked to future social and business value;
- comprehensive assessment of our SDG alignment and benchmarking to sector averages;
- focus on the most material SDGs relevant to our business model and operations; and
- SDG gap assessment to assess current strategies and where better alignment is needed.

The details of the analysis will be published on our [website](#) in spring 2019.



MANAGING SUSTAINABILITY

03.4 EMBEDDING SUSTAINABILITY IN OUR INSURANCE AND INVESTMENTS BUSINESS

We aim to lead our industry by embedding strong environment, social and governance (ESG) standards into our everyday decision-making across our insurance and investment businesses.

Our industry-leading approach integrates ESG concerns by applying group-wide corporate rules and ESG instruments across all our underwriting, investment, and asset management activities.

In 2018, we launched the next generation of ESG guidelines through the updated Allianz Standard for Reputational Risk and Issues Management. We also published the third edition of the **Allianz ESG Integration Framework** to further increase transparency around our internal processes and guidelines related to our ESG approach.

ESG INTEGRATION APPROACH AND PROCESSES

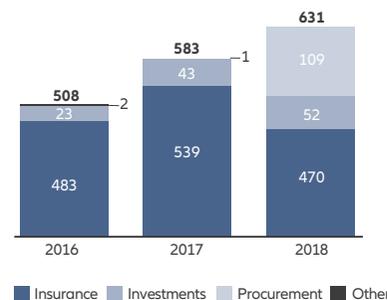
We systematically integrate ESG through our ESG referral and assessment process and guidelines for sensitive business areas across all property and casualty underwriting (P&C) and unlisted investments. Furthermore, we piloted the extension of the referral approach to our procurement activities. This approach will be further refined in 2019.

Every transaction is screened locally to identify potential ESG concerns. If a risk is identified, the case is referred to the appropriate group-level ESG function to assess the ESG risk in more detail.

Our ESG functions conducted 631 assessments based on the guidelines in 2018 (2017: 583 assessments). 53% of cases were approved, 37% were approved subject to certain mitigation measures or conditions, and 10% were declined or not pursued (for details see ☺ Tables ESG-1 to 3).

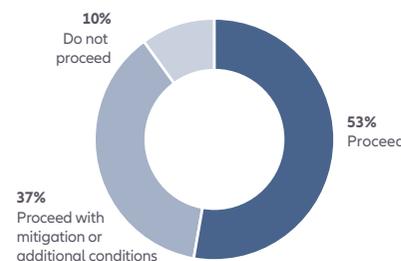
ESG REFERRAL AND ASSESSMENT PROCESSES

NUMBER OF ASSESSMENTS BY CATEGORY



ASSESSMENT RESULTS

% of assessed transactions in 2018



WHAT IS ESG?

Environmental, social and governance (ESG) refers to non-financial issues which can be influenced by, and can influence, our business activities. Examples include human rights violations, illegal logging activities or severe corruption allegations. ESG factors can also represent business opportunities – such as is the case for insuring and investing in renewable energy to support the energy transition.

If they are not identified and managed effectively, ESG risks can have significant knock on repercussions for our business, our customers, and our invested companies. These span legal and reputational risks, supply chain and business disruption risks, quality and operational risks, human rights, and financial risks.

We manage these risks diligently across our businesses. Our industry-leading approach integrates ESG concerns by applying group-wide corporate rules and ESG instruments across all our underwriting, investment and asset management activities.



For further details read [here](#).

MANAGING SUSTAINABILITY

03.4 EMBEDDING SUSTAINABILITY IN OUR INSURANCE AND INVESTMENTS BUSINESS

ESG INTEGRATION APPROACH AND PROCESSES CONTINUED

For ESG integration in listed assets, we continue to roll out our ESG scoring approach to better manage ESG risks and opportunities in our proprietary portfolio. This expands the coverage of our ESG framework and allows us to systematically integrate ESG across all our asset classes (see sections 04.1 and 04.2).

In 2018, we published the third edition of the Allianz ESG Integration Framework. The updated version provides additional details on our ESG engagement approach as well as the updated approach to coal-based investment and insurance activities (sections 04.4 and 05.2).

We also introduced a systematic approach to engaging with selected investee companies that have a low ESG performance.

Our collaborative approach is designed to address material ESG risks and concerns, build understanding and ultimately drive change and ESG improvements.

Other tools that help to integrate ESG into our investment processes include: ESG investment exclusions; asset manager selection and monitoring with ESG criteria in mind; sustainability-themed investments such as renewable energy, green real estate, and green bonds, and regular dialog and exchange with peers, regulators and internationally recognized NGOs.

ESG PROCESSES ACROSS ALLIANZ BUSINESS LINES

	Insurance	Investment	
		Listed	Non-Listed
ESG Referral Process	•		•
ESG Sensitive Business Guidelines ⁷	•		•
Sensitive Countries List	•		•
ESG Scoring Approach		•	
Engagement and Dialog ⁸	•	•	•
ESG Exclusion Policies	•	•	•
Asset Manager Mandating, Selection and Review		•	•

ESG IN ASSET MANAGEMENT

Our asset managers, Allianz Global Investors (AllianzGI) and the Pacific Investment Management Company (PIMCO), continue to expand their ESG capabilities and product offerings.

This way, we are actively supporting our asset management clients in developing tailor-made solutions to integrating ESG considerations in the investment of their portfolios.

Both published reports outlining their responsible investment activities for the first time in 2018. For further details, see section 05.4.

⁷ Our 13 sensitive business guidelines: Agriculture, Fisheries and Forestry, Animal Welfare, Betting and Gambling, Clinical Trials, Animal Testing, Defense, Human Rights, Hydro-Electric Power (HEP), Infrastructure, Mining, Nuclear Energy, Oil and Gas, Sex Industry.

⁸ Included investment engagement as an asset owner as well as insurance-based risk dialogs.

MANAGING SUSTAINABILITY

03.5 CLIMATE CHANGE AND DECARBONIZATION

Achieving the 2015 Paris Climate Agreement's commitment to limit global warming to well below 2°C will require a rapid and full decarbonization of the global economy. As one of the world's largest institutional investors and insurers, we have a leading role to play in supporting the global transition to a low-carbon future.

OUR CLIMATE CHANGE STRATEGY

Since 2005, the Allianz Group Climate Change Strategy has focused our efforts on encouraging solutions for tomorrow's climate:

1. We anticipate the risks of a changing climate.

We identify and manage climate-related risks and opportunities as part of our business strategy and through our financial products and services. We screen investments for climate-related risks and exclude certain sectors, such as coal-based business models. We are improving transparency around climate-related disclosures and are working to further align our strategy and reporting with the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

2. We care for the climate-vulnerable.

We support customers to reduce risks and minimize damage while compensating those who have suffered losses and insure low-carbon developments. Our ambition is to provide climate risk insurance with our partners for up to 400 million people in the most vulnerable developing countries by 2020 (page 30).

3. We enable the low-carbon transition.

We provide sustainable solutions for our customers, including insurance that supports renewables and energy efficiency around the world (page 30/31). Working with the [Science Based Targets initiative \(SBTi\)](#), we have committed to set long-term climate goals, linked to the Paris Climate Agreement's target to limit global warming to well below 2°C, and we are committed to sourcing 100% renewable power for our group-wide operations by 2023 (page 54).

Our strategy is regularly updated, including aligning it with the recommendations of the TCFD. Find out more about our strategy and actions around climate change and decarbonization in our In-Focus article in section 02 of this report.

WORKING TOWARDS GREATER TRANSPARENCY ON CLIMATE CHANGE

We strongly support the 2017 recommendations of the TCFD, which aim to provide guidelines for consistent disclosure of climate-related risks and opportunities by companies to give meaningful information to their stakeholders.

We are encouraging other companies – both within our sector and beyond – to step up and improve their disclosure. We do this through our work with the G7 Investor Leadership Network, the UNEP FI, and the Principles for Sustainable Insurance (PSI) initiative, as well as through our

memberships in The B Team, the WEF Alliance of CEO Climate Leaders and others. Our other efforts include advancing capabilities together with the European Bank for Reconstruction and Development and peers to include [physical climate risks](#) and opportunities in financial disclosures.



Find our disclosure on climate-related risks and opportunities based on the TCFD framework in section 09.

MANAGING SUSTAINABILITY

03.6 CORPORATE RESPONSIBILITY GOVERNANCE

Strong corporate governance is pivotal to our sustainability approach and is identified by our stakeholders as one of our most important material issues.

Established in 2012, the Group ESG Board is the highest governing body for sustainability-related issues. It consists of three Allianz SE Board members as well as non-voting representatives of several functions.

They meet quarterly and are responsible for ensuring ESG integration across all business lines and core processes dealing with insurance and investment decisions.

The Group ESG Board also takes ownership of corporate responsibility and climate-related topics, and leads on associated stakeholder engagement. Functional departments provide regular updates on sustainability issues directly to the Group ESG Board.

In 2018, key topics for the Group ESG Board included:

- withdrawal from insuring single coal-fired power plants and coal mines;
- full phase-out of coal-based business models across our proprietary investments and Property & Casualty (P&C) portfolios by 2040 the latest; and
- decision to join the Science Based Targets initiative as part of our long-term commitment to the development of the low-carbon economy.

GROUP ESG BOARD



Günther Thallinger

Member of the Board of Management of Allianz SE since 1 January, 2017, responsible for Investment Management.

Member of the Group ESG Board since 1 January, 2017; Chair of the Group ESG Board since January 1, 2018.



Giulio Terzariol

Member of the Board of Management of Allianz SE as of 1 January, 2018, responsible for Finance, Controlling and Risk Management.

Member of the Group ESG Board as of 1 January, 2018.



Jacqueline Hunt

Member of the Board of Management of Allianz SE since 1 July, 2016, responsible for Asset Management and US Life Insurance.

Member, of the Group ESG Board since 1 July, 2016.

Key Allianz Group functions are represented on the ESG Board:

- Head of Corporate Responsibility;
- Group Communications and Corporate Responsibility;
- Group Risk;
- Group Compliance;
- Allianz Investment Management SE; and
- Allianz Global Corporate and Specialty SE.

Furthermore, Dr. Christof Mascher, member of the Board of Management of Allianz SE, Operations, Allianz Services, was invited as standing guest for all topics related to sustainability in operations.

In addition to the Group ESG Board, several committees play an important role in our decision-making processes:

Group Finance and Risk Committee:

oversees risk management and monitoring, including sustainability risk. The committee is the escalation point for ESG-related topics, based on analysis and deliberations within the Group ESG Board.

Group Underwriting Committee:

monitors the underwriting business and its risk management, as well as developing new underwriting policies and strategy.

MANAGING SUSTAINABILITY

03.7 CORPORATE RESPONSIBILITY MANAGEMENT

The Corporate Responsibility function is responsible for the strategic framework that drives all group-wide sustainability activities. Its scope includes managing CR governance, fulfilling external reporting and rating requirements and supporting operating entities to effectively integrate the Group's strategic sustainability approach and policies into their business processes.

The Group Corporate Responsibility function is part of Group Communications and Corporate Responsibility (GCORE). GCORE is part of the CEO's division of Allianz SE. This enables a close alignment with the CEO's agenda.

CORPORATE RESPONSIBILITY COORDINATORS NETWORK

The Group Corporate Responsibility function works in close alignment with a network of about 60 corporate responsibility coordinators in Allianz operating entities around the globe. This enables us to implement our CR strategy on a global level with local adaptations and share best practices between experts in our local entities.

TRANSPARENT REPORTING

We base our management approach and reporting on voluntary international standards and guidelines such as the GRI Standards guidelines, sustainability indices, and engagement with expert working groups such as the United Nations Environment Programme Finance Initiative (UNEP FI).

Our annual UNGC Communication on Progress and our German Sustainability Code (GSC) reports can be found on our website, as well as on the UNGC and GSC websites.

In compliance with the 2017 German implementation of the E.U. Non-Financial Reporting Directive (2014/95/E.U.), we published relevant non-financial information within the Governance section of the Group Annual Report 2018. Non-financial information is audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) and approved by the Supervisory Board of Allianz SE.

DATA AND ASSURANCE

To enhance the quality of our sustainability reporting, PwC has been conducting limited assurance reviews of our reports, processes and data since reporting year 2016.

This helps formalize the way sustainability is embedded across core functions and business units. A sample of operating entities of Allianz SE is reviewed by PwC onsite on a regular basis depending on their impact on the Group's sustainability activities.

“Non-financial reporting at Allianz has come a long way in the past years. As we continue to improve transparency across all our operating entities, we are focused on improving data quality and driving further integration of sustainability through our global business.”



Dr. Saskia Juretzek
Senior Manager Sustainability
Allianz SE

RATINGS AND BENCHMARKS

We strive to be a sustainability leader in our sector. Sustainability ratings and industry benchmarks enable us to improve our performance and transparency. We take part in a wide range of external assessments and benchmarking initiatives, such as those listed below.

Dow Jones Sustainability Index (DJSI)

Allianz has been included in the DJSI since 2000. In 2018, we took the leading position within the insurance sector for the second year running, scoring 85 out of 100 points.

Carbon Disclosure Project (CDP)

Allianz Group was a founding member of the CDP and we continue to support it as a responding company and as an asset owner and asset manager. In 2018, we achieved a B rating.

FTSE4Good Index

Included since 2001, Allianz is one of the longstanding members of the FTSE4Good Index series. We were ranked among the top 6% of our sector in 2018.

MSCI Rating

In 2018, Allianz once again received an AAA rating from MSCI ESG Research. We are one of the top performers in our sector.

Oekom Corporate Rating

We received Prime status again in 2018, ranking us among the world's best companies in our industry.

MANAGING SUSTAINABILITY

03.8 STAKEHOLDER ENGAGEMENT

The challenges we face as a multinational business are diverse and complex and we must understand stakeholder needs to form our products, services and approach. Next to stakeholder surveys (see page 13–14) we engage and collaborate with a broad range of individuals and organizations. The insight they provide enables us to focus our Corporate Responsibility Strategy, activities, and reporting on the right areas.

Besides our many commitments to international and national sustainability bodies and initiatives, our engagement activities focus on the four stakeholder groups, which are most impacted by our business.



OUR KEY STAKEHOLDER GROUPS



INVESTORS

We engage with our investors to communicate our sustainability strategy and performance, enabling them to make informed decisions about their own investments and us to understand their expectations.

- Annual General Meeting
- Dialogs and roadshows
- Ratings and benchmarks
- Website, Sustainability Report, rating results e.g. DJSI



SOCIETY

Given the pace and scale of global change, it is vital we work with other partners, governments and institutions to identify sustainable solutions and maximize our positive impact.

- Partnerships for civic engagement
- Thought leadership on global issues
- Panel discussions and roundtables
- Foundations, donations and volunteering
- Press events, journalist surveys and roundtables
- Formal dialogs with NGOs and ESG professionals



CUSTOMERS

Feedback from our customers helps us to improve our products, services and processes, and to offer easy and adaptable solutions.

- Customer surveys and dialogs
- Learning from and sharing customer insights
- Review of financial services sector developments
- Research and development to support product innovations
- Using the Net Promoter Score (NPS)
- Allianz Risk Barometer Survey



EMPLOYEES

We believe employees who are engaged with and committed to their jobs generate long-term value for our business. To this end, we continuously seek their views and respond to their ideas and concerns through:

- The Allianz Engagement Survey (AES)
- Employee dialogs and networks
- Corporate volunteering programs

PARTNERSHIPS FOR CIVIC ENGAGEMENT

Our long-term partnerships are instrumental to delivering our sustainability agenda.

Our strategic partners include:

- SOS Children's Villages (see page 73)
- Impact Hub collaboration (see page 76)
- German Corporation for International Cooperation
- International Paralympic Committee
- International Olympic Committee (as of 2021)

GLOBAL INITIATIVES

Our businesses are signatories to and members of a wide range of global sustainability initiatives and principles, which guide us to:

- incorporate best practice sustainable development principles into our activities, products, services and investments;
- work with and learn from our peers through open dialog and knowledge sharing;
- collaborate to find solutions that address local and global challenges relevant to our industry and beyond; and
- improve transparency in our own operations and across the value chain.

For an excerpt of our memberships and partnerships, please refer to page 96.

OUR ROLES

This section translates our work into five roles we play in society:

As a **Sustainable Insurer**, we need to continue to provide solutions that support sustainable development and a low-carbon future.

In order to be considered a **Responsible Investor**, we will continue to integrate ESG criteria across our investment decisions.

Data and privacy protection, improving customer satisfaction and reducing our environmental impact all play a major part in being a **Trusted Company**.

Our role as an **Attractive Employer** is of high relevance as we depend on having the best people in place, and keeping them motivated to serve our customers.

We act as a **Committed Corporate Citizen** to maximize our positive contribution and to create a more stable economy and resilient markets.



04

OUR ROLE AS A

SUSTAINABLE INSURER



By the very nature of what we do – protecting people and businesses against risk – we focus on our customers and base our decisions on a long-term view. Our expertise in insurance, risk management, consulting and assistance services means we are ideally positioned to help meet the challenges facing society and to create innovative solutions for emerging issues.

IN THIS SECTION

04.1	Our approach	26
04.2	Sustainable solutions	27
04.3	Solutions for emerging consumers	29
04.4	Solutions for a changing climate	30

HIGHLIGHTS



470

insurance transactions assessed for ESG risks.



€1.56 bn

revenue generated through Sustainable Solutions.



43.8 mn

customers in the emerging consumers market.



Continued to train underwriters and relevant employees on our ESG screening processes.

CHALLENGES



Engaging insurance brokers, clients and the wider value chain on the importance of ESG risk and disclosure in all countries.



Developing the expertise to model different climate scenarios across all types of insurance.



Quantifying and assessing the impacts of the insurance industry and its externalities.



Supporting clients as they make the transition away from coal-based business models.

SUSTAINABLE INSURER:

04.1 OUR APPROACH

COMMITMENT TO THE PRINCIPLES FOR SUSTAINABLE INSURANCE (PSI)

We believe the insurance industry can make its sector more sustainable, by using its risk management skills to create a positive impact. Allianz is a signatory of the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI). We submit our Disclosure on Progress annually.

We co-lead the PSI initiative to develop an industry standard on ESG integration in insurance⁹. We are engaging with insurers, reinsurers, brokers, academics and regulators to identify the ESG risks that are most material to different insurance lines. This work continued in 2018 with a global survey of underwriters on ESG. We will co-host an industry conference with the PSI in early 2019 to present results of the project.

Allianz is also part of the PSI working group that is focused on developing an industry level response to the TCFD requirements. At present there is no guidance on how different climate scenarios would impact on various types of insurance (e.g. personal, P&C, Life & Health, reinsurance, etc.). Our aim is to develop this guidance together with 15 other industry participants.

INTEGRATING ESG IN INSURANCE

Embedding ESG issues into our insurance business enables us to manage the risks and

opens up new opportunities for solutions that support sustainable development and a low-carbon future. As an insurer and risk expert, our exposure to ESG risk is mostly indirect through the risks we accept for our insurance clients. A strong ESG risk management approach is embedded throughout our underwriting processes, and our ESG referral and assessment process ensures ESG risks are identified, assessed and managed (see section 03.4). These are integrated via the Allianz Group risk management policy framework that is applied to all our insurance business globally, whether we are acting as lead insurer or as part of a panel.

Our insurance underwriters identify ESG risks and refer these for assessment by either the AGCS ESG Business Services team and/or the Group ESG Office at Allianz SE. These experts conduct in-depth assessments of ESG risks such as human rights violations like forced resettlement, poor health and safety performance and unmitigated environmental impacts. Based on the outcome of their assessment, our experts decide whether a transaction may proceed, proceed with conditions or mitigation measures, or not proceed (see © Tables ESG-1 to ESG-3).

In 2018, we assessed 470 insurance transactions for ESG risks. This decline from 2017 is rooted in increasing process maturity and refinement of risk screening criteria and tools. Our business has a high retention

rate, i.e. clients stay with us for many years, consequently we introduced tools throughout 2018 for underwriters to enhance the efficiency of the process especially for clients that were assessed repeatedly and turned out to be uncritical. We are continuously sharpening our risk focus.

The number of cases that requires referral to our ESG functions has gone down by 13%.

Being responsible for a significant underwriting portfolio requires resources to screen and assess ESG risks as well as to engage clients and brokers in ESG risk dialogs. Increasingly, we use digital infrastructure to scale-up the standardization and efficiency that is required to sufficiently cover all the risks we manage.

ADDING VALUE TO OUR BUSINESS, OUR CLIENTS AND THE SECTOR AS A WHOLE

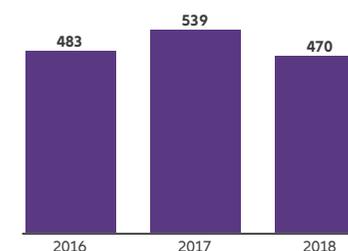
We apply our in-depth know-how and expertise to both our own risk management and underwriting due diligence and also to that of our clients, brokers and business partners. As ESG risk experts, we offer consulting services that enable our clients to identify and assess material environmental, social and governance risks. This risk dialog and sharing of expertise adds value to improve overall risk awareness and mitigation.

We conduct in-depth research so that our stakeholders can stay ahead of new developments and to inform and develop our own approach to risk management.



ESG REFERRAL AND ASSESSMENT PROCESS

ESG ASSESSMENTS CONDUCTED ON INSURANCE TRANSACTIONS



A detailed description of the Allianz ESG approach and processes relating to our insurance business can be found in the [Allianz ESG Integration Framework](#).

In 2018, AGCS published two research reports designed to support understanding of ESG risks:

[Measuring and managing environmental exposure: a business sector analysis of natural capital risk](#) – this report provides a first insight to business implications such as liability and business interruption related to dependencies and impact companies have related to natural capital.

[The predictive power of ESG for insurance](#) – the report confirms the relevance of ESG for the management of insurance risk. ESG parameters have predictive power and add additional information to perform an effective risk analysis.

⁹ <http://www.unepfi.org/psi/underwriting-esg-risks/>.

SUSTAINABLE INSURER: 04.2 SUSTAINABLE SOLUTIONS

With no let up in growth in consumer demand for responsible solutions, sustainable innovation represents a significant business opportunity for the insurance market. Through our Sustainable Solutions program, we develop and monitor products and services that create social value by improving people’s lives or delivering a positive environmental or climate-related impact.

We are a leader in the emerging consumers sector and have reached over 43.8 million people living on low incomes in Asia, Africa and Latin America with affordable microinsurance and microsavings solutions (see section 04.3).

Additionally, Allianz is a strong partner of the transition to a low-carbon economy. We provide insurance, risk management solutions and advice to individuals, companies, and governments related to renewable energy projects and climate-related risks (see section 04.4).

€1.56 bn

revenue from sustainable solutions.
2017: €1.21bn

185

sustainable solutions.
2017: 165

HOW WE IDENTIFY AND DEVELOP SUSTAINABLE SOLUTIONS

Products must comply with a set of criteria to be included as one of our sustainable solutions. Every year, local entities and global lines develop new insurance products and services for customers and we score these products to decide if they meet our sustainable solutions criteria.

Solutions must meet at least one of six criteria (see box on page 28). We collect

and report revenue figures for solutions that qualify – both new and existing ones – to show how we are progressing in growing our sustainable solutions portfolio.

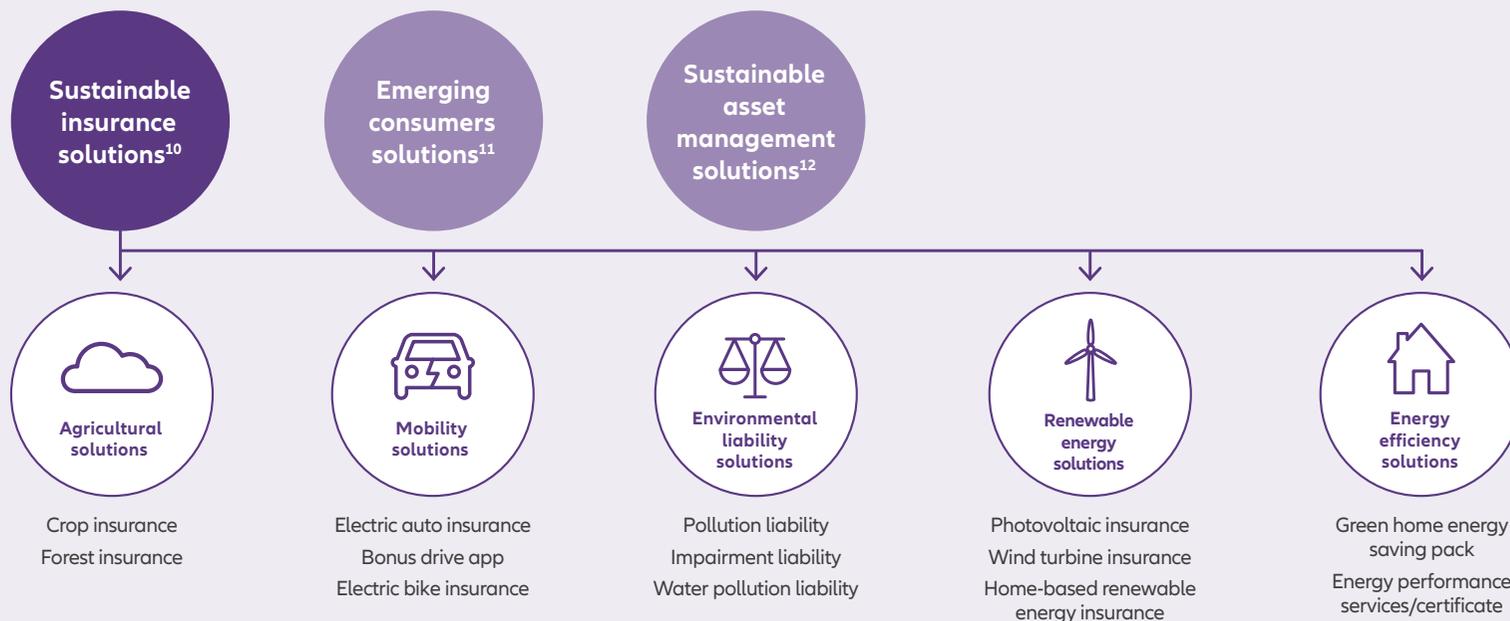
As sustainability is becoming more mainstream, we have now decided to differentiate between standard insurance products with a sustainability component and sustainable solutions.

In 2018, we generated revenues totaling 1.56 billion Euro from 185 sustainable

solutions, including 94 sustainable insurance solutions and 37 insurance solutions with a sustainability component. In 2018, we developed a methodology to measure the avoided emissions, which we enable through a selection of our sustainable insurance solutions.

Details about the number of sustainable solutions we offer and associated revenues and trends can be found in ☺ Tables ESG-4 to 5.

WHAT DO WE MEAN BY SUSTAINABLE SOLUTIONS? Examples of Allianz products with an environmental or social added value.



¹⁰ This includes Insurance solutions with a sustainability component. ¹¹ See section 04.3 for more details. ¹² See section 05.4 for more details.

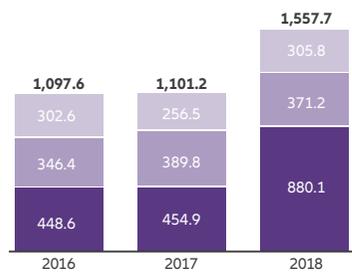
SUSTAINABLE INSURER:

04.2 SUSTAINABLE SOLUTIONS

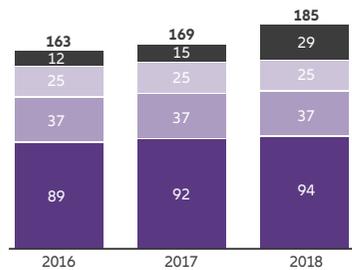
SUSTAINABLE SOLUTIONS PERFORMANCE¹³

REVENUE FROM SUSTAINABLE SOLUTIONS BY CATEGORY¹⁴

€mn



NUMBER OF SUSTAINABLE SOLUTIONS BY CATEGORY



- Sustainable insurance solutions
- Insurance solutions with a sustainability component
- Emerging consumer solutions
- Sustainable asset management solutions

SUSTAINABLE SOLUTIONS EVALUATION CRITERIA

Environmental criteria¹⁶

1. Supports development of sustainable technology and markets such as renewable energy, environmental goods and services, and/or green infrastructure
2. Conserves natural resources or biodiversity or helps to mitigate against climate change (e.g. solutions that encourage or reward environmentally responsible behavior)
3. Protects against environmental risks and supports adaptation to climate change impacts (e.g. insurance or incentives to manage weather-related risks)

Social criteria

1. Facilitates activities to tackle social challenges and issues faced by socially disadvantaged groups¹⁷ (e.g. insurance tailored to social value-adding products/services which would otherwise not be insured)
2. Specifically tailored solutions for socially disadvantaged groups (e.g. products aimed at reducing the risk of underserved groups by providing otherwise unavailable access to finance)
3. Raises awareness to prevent and mitigate challenges faced by socially disadvantaged groups (e.g. products that include cause-related marketing or support schemes)

NOTEWORTHY EXAMPLES



Allianz Austria

Smart Repair: a solution that encourages resource-efficient vehicle repairs over replacement.



Allianz France

Sustainable Car Claim Settlement: a settlement program that promotes the uptake of used vehicle parts.



Allianz Care

Health insurance for refugees: administration of health insurance for 1 million Syrian refugees, funded by the U.N.

¹³ Data from 2016 and 2017 has been restated as a result of change of methodology and scope. ¹⁴ Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability. ¹⁵ Revenue figures exclude sustainable asset management solutions.

¹⁶ Initial environment criteria developed in conjunction with WWF and KPMG in 2011. ¹⁷ Socially disadvantaged groups are defined as populations that are excluded in their local society for reasons that may be tied to age, sex, disability, age, ethnicity, origin, religion, economic or other status.

SUSTAINABLE INSURER:

04.3 SOLUTIONS FOR EMERGING CONSUMERS

We pioneered our first ever microinsurance in Germany in 1926. Today, we focus our offer particularly on supporting lower-income customers in Asia, Africa and Latin America. We are committed to expanding our emerging consumers business with the goal of closing the protection gap for more people and providing access to affordable financial services, tailored to their needs.

The emerging consumers market includes a potential 3.7 billion customers¹⁸. We see business expanding steadily in this area, along with the growth of the global middle classes, which are expected to reach five billion by 2030.

€305.8 mn

revenues generated from emerging consumer solutions.

TARGETTING UNDERSERVED CUSTOMERS

In 2018, revenues were at 305.8 million Euro (2017: 256.4 million Euro) – equivalent to around 6.98 Euro in annual revenue per customer for this market. We served 43.8 million customers.

The great majority of these customers still have only one insurance policy – mostly life insurance – showing that this segment is still severely underinsured.

Because traditional financial services infrastructure is not established in many markets, our emerging consumer segment offers major potential for digitalization. To make the most of these opportunities, we are partnering with digital businesses to distribute and expand our reach in these markets, for example through mobile phone-based insurance solutions.



CASE STUDY:

GOJEK & ALLIANZ DIGITAL PARTNERSHIP OPENS ACCESS TO MASS MARKET

The Southeast Asian leading mobile platform GOJEK is Indonesia's own ride-hailing company and the first Indonesian startup unicorn. Since its inception in 2010, the Jakarta-based startup now offers its 79 million consumers on-demand and payment services for transport, food delivery, and shopping, among others. With more than 1.5 million two- and four-wheeler drivers of motorbike and car taxis, GOJEK serves customers in more than 50 cities across the archipelagic Indonesia, as well as Vietnam, Singapore, Thailand and the Philippines.



Watch the video [here](#).



In 2016, a strategic partnership was established between GOJEK and Allianz Indonesia followed by an USD 35 million investment in GOJEK, through Allianz's digital investment unit Allianz X in 2018. The partnership initially started with a voluntary health insurance plan launched to GOJEK drivers and family members in 2016. It offers an affordable premium rate at €0,20 per day, paid daily through GOJEK's own e-wallet, enabling easy access to affordable quality healthcare.

The Allianz Indonesia insurance health plan has provided health solutions to a mass market otherwise untapped. The partnership with GOJEK additionally allows Allianz to tap into four other segments: GOJEK employees, GOJEK customers, GOJEK merchants and the markets of GOJEK entities. Regionally the partnership opens up substantial opportunities where GOJEK and Allianz are present such as Singapore, Thailand and the Philippines.

The product offerings have grown from health to life products and to general insurance, as Allianz continues to provide insurance solutions to GOJEK's other business segments. For Allianz, digital investments and strategic partnerships have opened up access to untapped segments, provided unmet protection needs of the mass market, created new businesses for Allianz and accelerated the digital transformation of the Group.

¹⁸ 2017 World Bank and OECD figures. Total population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship. The values shown are midyear estimates.

SUSTAINABLE INSURER:

04.4 SOLUTIONS FOR A CHANGING CLIMATE

Climate change, mainly caused by human activity-induced global warming, poses a major risk to the livelihoods of millions of people worldwide. Through our business, we anticipate the risks of climate change, work to protect and care for our customers, and enable the transition to the low-carbon economy. Our Climate Change Strategy is focused on developing and offering insurance solutions that help our customers respond to a changing climate and develop the low-carbon economy.

CASE STUDY:

BUILDING FLOOD RESILIENCE TO SUPPORT AT-RISK COMMUNITIES

Our integrated flood risk management and parametric insurance products are designed to protect vulnerable communities from the impacts of climate change. In Morocco, we are strengthening the resilience of businesses in the industrial zone of Ait Melloul, near Agadir, through an insurance product that enables the park owner to cover flood risks (and potentially other perils) for all tenants. In Accra, Ghana's capital, we are supporting municipalities by building understanding of flood risks, identifying and implementing risk reduction measures, and insuring public infrastructure against flooding.



INSURING CLIMATE RISKS

We insure climate-related risks for commercial and private customers and incentivize preventive measures to increase customers' resilience to a changing climate. With our experience as a leading microinsurer and reinsurer in agriculture, we can bring innovative climate risk insurance to vulnerable regions – including weather index insurance, yield loss and animal mortality covers.

We actively support the InsuResilience Global Partnership, which builds upon the G7 Climate Risk Insurance Initiative to provide climate risk insurance for up to 400 million people in the most vulnerable developing countries by 2020. In 2017, we formed a three-year strategic alliance with the GIZ with the goal of 'Closing the Protection Gap'.

We have also joined forces with our peers through the Insurance Development Forum (IDF) to provide insurance solutions that allow governments in countries vulnerable to climate change to better protect their populations against natural disasters. Our work includes researching the actual and future impacts of climate change to provide the best possible risk advice to society and our customers as well as develop prevention and resilience approaches in response.



PHASING OUT COAL IN OUR INSURANCE PORTFOLIOS

Building on our divestment from coal-based business models, we announced in May 2018 that we will no longer provide insurance to single-site/stand-alone coal power plants or mines, that are being operated or planned – effective immediately. Companies that generate electricity from multiple sources, such as coal, other fossil fuels or renewable energies, are continued to be insured and individually reviewed on the basis of our general ESG criteria. We are committed to completely phasing out all coal-based risks from P&C insurance portfolios by 2040 at the latest and we are further developing our approach to reach this target.



For further information please see our [Statement on Coal-based Business Models](#) and our [ESG Integration Framework](#).

INSURING THE LOW-CARBON ECONOMY

The low-carbon economy continues to develop at pace as both cost competitiveness and installed capacity of renewables increase. The large and growing demand for electricity in developing countries and the potential of renewables to reduce pollution as well as carbon dioxide emissions present this as an attractive growth market.

We aim to reach significant market share in these emerging renewable energy markets, building on our expertise from more than 70 countries where we insure renewable energy already.

Building and operating renewable energy plants involves multiple stakeholders and poses complex risks at different stages for investors, construction companies, operators and manufacturers. As critical infrastructure becomes smarter and more interconnected, exposure to high-impact risks such as cyber threats, terrorist attacks and extreme weather events will also increase.

Our solutions cover all stages of the project lifecycle – from planning to decommissioning – and we provide a variety of solutions including erection and construction all risk insurance, liability insurance, marine insurance and technical advisory solutions.

We are specialists in insuring the renewable energy sector. Our tailor-made risk insurance covers complex renewable energy projects for technical failure, business interruption and third-party liability. We also offer insurance against financial losses from lower than expected annual energy yields for renewable energy plants.

SUSTAINABLE INSURER: 04.4 SOLUTIONS FOR A CHANGING CLIMATE

SURE (Scaling Up Renewable Energy)

Launched in 2017, SURE (Scaling Up Renewable Energy) aims to further solidify Allianz's position as the global "go-to" provider of insurance for renewable energy projects and infrastructure. It is designed to help bring our proven renewable energy insurance competences at group-level to fast developing growth markets – such as Turkey, the CEE region, and several African countries – to support their transition to the low-carbon economy. Group experts from Allianz Climate Solutions and Allianz Re work with local entities to develop best practice and increase local capacity. This year, we have rolled out training for our global accredited underwriters and further on-boarded our operating entities. Our biggest onboarding achievements are Allianz Russia and Ukraine, which have undergone all technical and underwriting trainings and helped us to further develop our wind pricing tool. Furthermore, Allianz Russia is a member of the Russian Association of Wind Power Industry. We are proud to see the renewable energy business to be further integrated into our daily business.

Allianz Climate Solutions supports the renewable energy industry with insurance and risk management solutions and, in parallel, works with both private and public sector partners towards improving societal resilience to climate change through dedicated insurance approaches.



CASE STUDY:

BRINGING RENEWABLE ENERGY TO MEDIUM-SIZED COMPANIES

Clean, affordable and reliable energy is one of the biggest challenges facing many economies, especially for small- and medium-sized companies. Governments have realized this and many have started initiatives to support small- and medium-sized companies, providing opportunities for national and international renewable energy project developers. However, project developers need money to start building and, often, when renewable energy technology is introduced into the market, banks and investors don't know how to assess the

risk – especially when it comes to mid-sized projects.

We can make a positive contribution by acting as an intermediary, bringing together risk assessments, certification and risk transfer – ultimately helping to bring reliable and clean energy to medium-sized companies. Through the renewables services and products for medium-sized companies, which are part of our SURE initiative, we make renewable energy projects bankable, investable and insurable.



SUSTAINABLE INSURER:

Looking ahead



We will further expand our sustainable product range and create more transparent communication around sustainable offerings. This includes growing our renewable energy portfolio.



We will phase-out all coal-based business models from our P&C insurance portfolios by 2040 at the latest and support clients as they make the transition.



In 2018, we kicked-off a pilot project to measure the environmental and social externalities of our insurance business. The results of this impact assessment will be published on our website in the first half of 2019.



With the Principles for Sustainable Insurance (PSI), we will create an industry framework on ESG risks in underwriting and develop our approach to TCFD.



We will further develop and improve measurement of avoided emissions enabled through our sustainable insurance products.

05

OUR ROLE AS A RESPONSIBLE INVESTOR

Strong ESG management is key to mitigating our risks and seizing opportunities. We want to create a lasting positive legacy for society through our investments and we strongly believe that sustainable business practices improve the financial performance of companies. That is why we consider ESG aspects whenever we allocate money. Over the past five years, ESG has become an integral part of our investment processes.

IN THIS SECTION

05.1	Our approach	33
05.2	ESG in our role as asset owner	34
05.3	ESG in our real estate investments	39
05.4	ESG in third-party asset management	40



HIGHLIGHTS AS AN ASSET OWNER



€5.4 bn

additional sustainable investments, bringing the total to 25.1 billion Euro.



12

Launched systematic approach for engagement with investee companies on environment, social and governance (ESG) grounds. In our pilot we engaged with 12 companies.



Tightened restrictions on coal-based business models and introduced a long-term action plan for coal until 2040.

CHALLENGES



While more ESG data becomes available, there remains a lack of material, reliable and comparable data across industries.



Measuring the true social and environmental impact of our investments, especially with regards to SDGs, without a common, proven industry-wide standard.



Global coverage beyond minimum standards is a challenge as the interpretation of ESG aspects is different from market to market.

HIGHLIGHTS AS AN ASSET MANAGER



€175.6 bn

third-Party Sustainable and Responsible Investments (SRI) across AllianzGI and PIMCO.



AllianzGI and PIMCO published their first ESG reports.

RESPONSIBLE INVESTOR: 05.1 OUR APPROACH

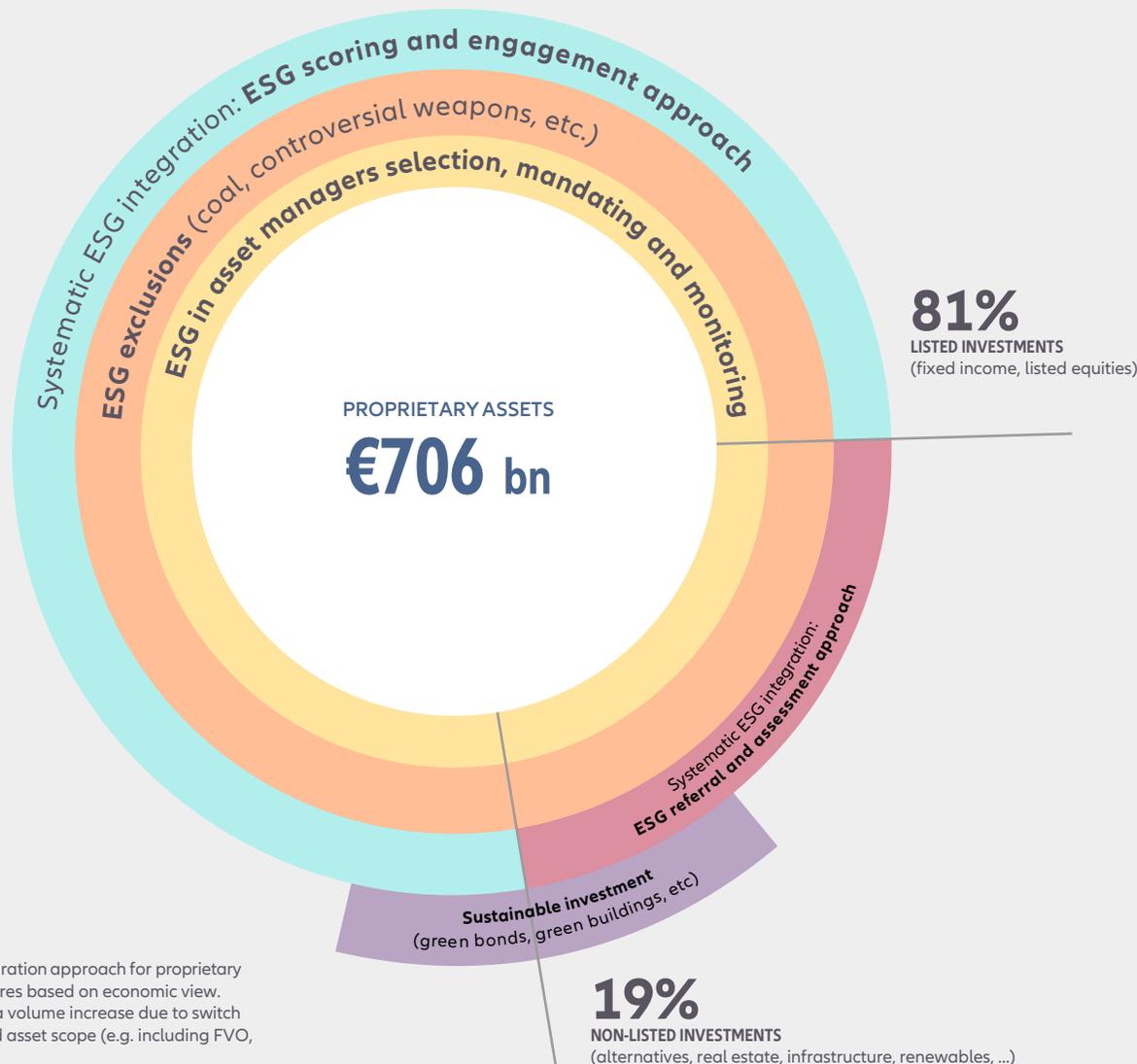


Our role as an investor is two-fold:

- as an **asset owner** (see sections 05.2 and 05.3), we invest our proprietary assets, primarily the premiums collected from our insurance customers; and
- as an **asset manager** (see section 05.4), we invest third-party assets on behalf of our customers.

In both roles, we are committed to the Principles for Responsible Investment (PRI), which Allianz SE has signed as an asset owner and AllianzGI and PIMCO have signed as asset managers. These principles guide our approach to responsible investment and drive continuous improvement across our businesses.

OUR ESG INTEGRATION APPROACH AS AN ASSET OWNER



Simplified illustration of Allianz ESG integration approach for proprietary investments. Illustration not to scale. Figures based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including FVO, trading and real estate own-use).

RESPONSIBLE INVESTOR:

05.2 ESG IN OUR ROLE AS ASSET OWNER

Allianz invests more than 706 billion Euro¹⁹ in a wide range of asset classes. We systematically integrate ESG considerations across our entire investment portfolio and we continuously enhance and deepen our approach.

Our approach comprises the following key elements:

1. Asset manager selection, mandating and monitoring: Asset managers investing on behalf of Allianz are required to integrate ESG into their investment process (see ☺ Table ESG-7). Allianz Investment Management SE (AIM) closely monitors individual approaches and will discuss if an asset manager does not comply with our expectations.

99%

of our assets under management are managed by asset managers who are either PRI signatories and/or who have an ESG policy in place. (2016: 95%, 2017: 99%)

ASSETS MANAGED BY FIRMS WITH ESG POLICY AND/OR THAT ARE PRI SIGNATORIES
% of total assets

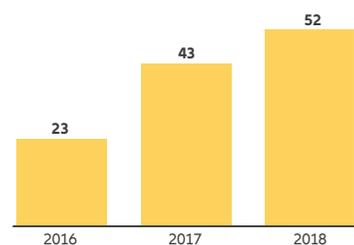


2. Systematic integration of ESG factors – ESG referral and assessment process: For unlisted investments such as real estate, infrastructure and private equity, we address ESG risks by using our referral process. We have guidelines for 13 sensitive business areas (see also section 03.4) and ESG screening is mandatory for all transactions within these areas. Upon detection of an ESG risk, we trigger the referral process, leading to detailed assessment of the potential risk by the Group ESG Office. Based on the outcome of this assessment, we make the decision either to proceed with a transaction, to proceed and require the mitigation and management of ESG risks, or to decline a transaction on ESG grounds. In 2018, we assessed 52 investment transactions. For further details, see ☺ Tables ESG-1 to 3.

52

ESG assessments conducted on investment transactions.

ESG ASSESSMENTS CONDUCTED ON INVESTMENT TRANSACTIONS



¹⁹ Based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including FVO, trading and real estate own-use).

OUR ESG SCORING AND ENGAGEMENT APPROACH

Our ESG scoring and engagement approach systematically identifies and manages risks in our listed proprietary investment portfolio.



3. Systematic integration of ESG factors – ESG scoring: We apply our ESG scoring process to all our listed assets including sovereign bonds, corporate bonds and public equity. We systematically assess the ESG performance of individual issuers using ESG data provided by our external data provider, MSCI ESG Research. We use this information to consider ESG criteria in our investment selection, leading to a more holistic steering of our portfolio and targeted management of ESG risks and opportunities.

We have set an ESG performance threshold below which we consider investments as ‘ESG critical’. Investments in companies below the threshold are continually monitored. An asset manager with investments scoring below this threshold must ‘comply-or-explain’ – meaning either reallocate to another issuer or explain and provide reasons for holding these issuers. The reasoning is discussed and assessed during the ESG deep dive meetings with asset managers.

RESPONSIBLE INVESTOR: 05.2 ESG IN OUR ROLE AS ASSET OWNER

4. Active Ownership – ESG engagement:

In 2018, we continued rolling out our systematic approach to engaging investee companies on ESG topics. We are aware that meaningful change can take several years and we see engagement as an ongoing process that can be both impactful and mutually beneficial. We could not take part in inducing this positive real world change if we automatically withdrew our investments.

Based on the initial research and prioritization of companies falling under our ESG scoring threshold, we prepare a list of companies to be engaged with based upon material ESG risks and/or concerns. Topics range from toxic emissions and waste to child labor and negative impacts on communities. Of course, there can be multiple topics we want to discuss with companies.

The engagement team then conducts in-depth research for each company using information from MSCI ESG Research, various other ESG data and intelligence providers, and the respective corporate disclosures and publications of each company. Relevant questions linked to the identified ESG risks and engagement objectives are submitted to the company and, based on their response, we may conduct additional research and engagement activities to clarify open points and address potential ESG risks. If the company's answers show significant action or willingness to improve

12

total number of engagements for 2018.

their ESG risk management and/or to solve and avoid further ESG issues, the company engagement is closed.

Should answers continually prove insufficient, the company shows no willingness to improve its ESG performance, or it does not respond to our engagement communications, the Chair of the ESG Board approves the restriction of that company from all proprietary portfolios based on the recommendation from AIM SE and the Group ESG Office. In addition to our own engagements, our two asset managers, AllianzGI and PIMCO, also conduct ongoing ESG-specific engagements with investee companies.

Following the pilot phase in 2017, we expanded the engagement approach in 2018 to cover our global portfolio. In 2018, we closed three successful engagements, one was unsuccessful, and eight are still ongoing.

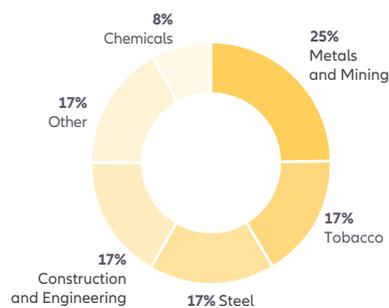
5. Active Ownership – Voting: Our voting rights are exercised by AllianzGI on our behalf. Details on the AllianzGI voting policy and voting records can be found online²⁰.



Please see Proxy Voting Records on the AllianzGI ESG page [here](#)

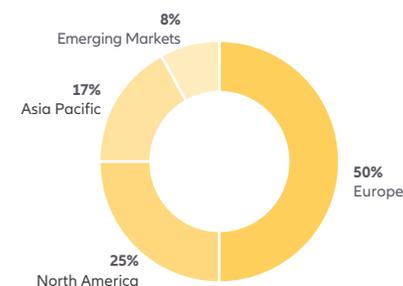
ESG ENGAGEMENT APPROACH HIGHLIGHTS

ENGAGEMENTS BY INDUSTRY SECTOR



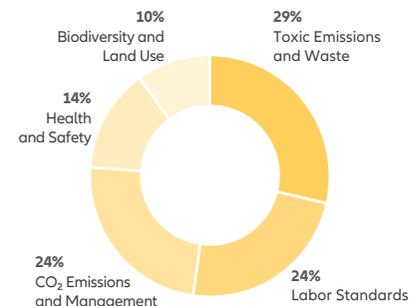
ENGAGEMENTS BY REGION

% in 2018



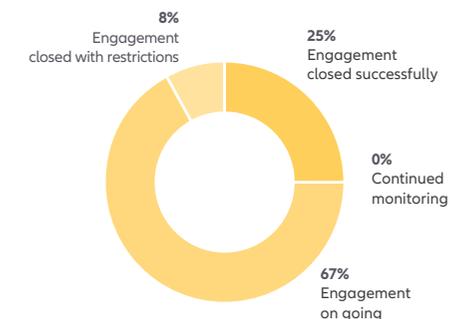
ENGAGEMENT TOPICS

% in 2018



ENGAGEMENT OUTCOMES

%



²⁰ Please note that this reporting covers Allianz's proprietary insurance assets as well as assets from third-party clients on whose behalf AllianzGI exercises voting rights.

RESPONSIBLE INVESTOR: 05.2 ESG IN OUR ROLE AS ASSET OWNER

6. Excluding certain sectors and companies:

Our Exclusion lists are updated annually based on data from external service providers and in-house research. Our approach covers multiple aspects:

1. Exclusion and restriction of **certain sectors**, such as companies producing or associated with controversial weapons²¹ and excluding companies involved in coal-based business models, which went into a new phase in May 2018 (see details in case study on the right).

2. Restriction of certain **sovereign bonds**: We also restrict investments in sovereign bonds from countries associated with severe human rights violations and significant issues managing ESG concerns.

3. Exclusion and restriction of issuers as a result of the scoring and engagement process: As part of the ESG scoring and engagement processes, single issuers below the ESG threshold and where engagement has not been successful may be excluded if:

- answers to engagement questions are consistently insufficient, or
- the company shows no willingness to improve its ESG performance, or
- the company does not respond to any of Allianz's engagement communications over the annual cycle.



CASE STUDY:

DECARBONIZING OUR INVESTMENTS

Allianz has not financed coal-based business models since 2015; no new investments have been allowed, equity stakes have been divested and fixed income investments made before 2015 are in run-off.

In May 2018, we announced a further commitment to expand the scope of coal exclusions (see the article on page 30). The following exclusion criteria are now in place.

Excluded are companies involved, either directly or through entities they control (indirectly, minimum of 20% stake), in coal-based business models, which are defined as follows:

ENERGY GENERATION FROM COAL

- Companies deriving 30% or more of their generated electricity from thermal coal, and/or
- planning more than 0.5 gigawatts (GW) of thermal coal capacity additions²² which are not in line with the 2°C threshold, and/or
- having to retire²³ more than 50% of their generation capacities in the next ten years to be in line with the 2°C ceiling.

COAL MINING

- Companies deriving 30% or more of their revenues from mining thermal coal.

COAL PHASE-OUT PLAN

The exclusion thresholds for the energy generation share from coal power plants and the revenue share from coal mining will be tightened over time. We will strengthen the thresholds from the 30% in place since 2015 to 0% by 2040 the latest. As of December 31, 2022, we will reduce our thresholds to 25%²⁴.

Additional details on our approach can be found in the Allianz ESG Integration Framework.

DIVESTMENT STATUS

In 2018, we divested a further 61.5 million Euro in equities and an additional 906.7 million Euro fixed income is in run-off. This brings the total of divested/run-off assets to 326.5 million Euro/ 5.7 billion Euro (see also ☺ Table ESG–10).

²¹ Weapons that fall under the scope of the following international conventions: Ottawa Convention (anti-personnel landmines); Convention on Cluster Munitions (cluster ammunition/-bombs); Biological and Toxin Weapons Convention (biological weapons); and Chemical Weapons Convention (chemical weapons).

²² Coal capacity additions: This criterion is based on International Energy Agency's World Energy Outlook (IEA WEO) data. It assesses whether a company is planning and/or building additions of more than 0.5 GW in coal power capacity over the next ten years which exceed the ceiling compatible with limiting global warming to below 2°C compared to pre-industrial times. This allowance is established mainly for data and technical reasons, e.g. to allow retrofitting or refurbishment of existing plants in order to improve their efficiency. This criterion is provided by the 2° Investing Initiative (2dii). The build-up of new coal power capacities is only possible in limited number of occasions according to the scientific estimations and projections provided by the International Energy Agency, for instance.

²³ Required retirements: This criterion is based on IEA WEO data. It assesses if a company needs to retire more than 50% of its current generation capacity over the next ten years to be compatible with the 2°C ceiling. The data is provided by 2dii.

²⁴ Further reductions are expected to happen in steps of no more than five percentage points and within no more than five years of the previous adjustment.

RESPONSIBLE INVESTOR: 05.2 ESG IN OUR ROLE AS ASSET OWNER

7. Sustainability-themed investments:

As well as managing ESG risks related to megatrends like climate change, food security and biodiversity loss, we also actively look for investment opportunities that offer solutions to such challenges. At the end of 2018, our investments in sustainability-themed assets totaled 25.1 billion Euro (see also ☉ Table ESG–8). Through selected ESG-themed investments, we can generate stable returns and create long-term value for society.

We are steadily increasing our sustainability-themed investments and have become one of the largest investors in renewable energy (see graph on the right). We also finance infrastructure projects with environmental and social benefits such as the Thames Tideway Tunnel in London, public transport infrastructure including metro infrastructure in Madrid and Barcelona, a Finnish power distributor and a windpark in Peru.

We increasingly look for investment opportunities in sustainable infrastructure in emerging economies. These markets face large financing gaps and, with our investments alongside multilateral development banks and other partners, we can support sustainable development and economic growth. An example is our partnership with the International Finance Corporation (IFC) through which we committed to investing 500 million U.S. Dollars in infrastructure projects in emerging countries worldwide.

€25.1 bn

invested in sustainability-themed assets at the end of 2018.

SUSTAINABILITY-THEMED INVESTMENTS

INVESTMENTS BY ASSET CLASS



CASE STUDY:

FINANCING A LOW-CARBON ECONOMY

With a growing portfolio of wind and solar power our equity investments in renewable energy at the end of 2018 were 3.8 billion Euro (2017: 3.7 billion Euro). Next to our equity investments, we provided debt financing to renewable energy projects amounting to over 3.0 billion Euro by the end of 2018 (2017: 1.9 billion Euro). In total, we have invested 6.8 billion Euro in renewable energy projects, including 86 wind parks and 9 solar farms with a combined generating capacity of 2.2 GW.

Through our fund investments, we also finance energy innovations, energy efficiency measures and renewable energy on a small and large scale to enable the global energy transition. Examples include investments in the AllianzGI Renewable Energy Fund, the Méridiam Transition Fund, and the Mini Hydro Power Plant Fund in Indonesia. Our green bond portfolio is growing, with current investments of 3.6 billion Euro by the end of 2018 (2017: 2.5 billion Euro). The same is true of our investments in certified green buildings, which stand at 13.3 billion Euro at the end of 2018 (2017: 11 billion Euro).



RESPONSIBLE INVESTOR: 05.2 ESG IN OUR ROLE AS ASSET OWNER

ADVOCACY AND PUBLIC POLICY ENGAGEMENT

Alongside our efforts to promote greater transparency around ESG issues by business, we are a staunch supporter of the recommendations developed by the TCFD on how companies should report on their climate risks and opportunities (see page 20). We encourage all companies to implement this framework and we started doing so ourselves in our 2017 Sustainability Report. This year's detailed reporting against the TCFD framework can be found in section 09.

Policy Engagement: In line with our PRI commitment, we help to increase ESG integration and transparency by working with our peers, regulators and other market participants. Allianz is represented in current efforts by the European Commission's Technical Expert Group on Sustainable Finance and is actively providing input to the Commission's work.

As a partner of the G7 Investor Leadership Network, we support speeding up the implementation of uniform and comparable climate-related disclosures under the TCFD framework. Furthermore, we are calling

for regulatory measures – such as carbon pricing and the phase-out of subsidies for fossil fuels – to drive sustainable finance and enable the achievement of the Paris Climate Agreement, as well as the SDGs. Examples of our advocacy and engagement in 2018 on these topics include:

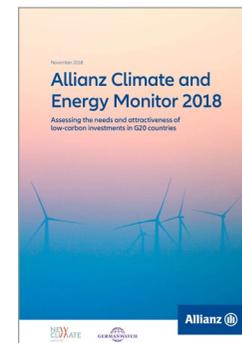
- Supporting the 2018 Global Investor Statement to Governments on Climate Change, calling on global leaders to work towards achieving the Paris Climate Agreement's targets, to accelerate private sector investment into the low-carbon transition and to commit to improve climate-related financial disclosure. [Read online.](#)
- Joining the [Climate Leadership Council](#) in the U.S. as a founding member, promoting a carbon dividends framework.
- Supporting a letter by global businesses and the WEF to world leaders ahead of COP 24²⁵, calling for action around effective carbon pricing, stimulation of low-carbon finance and investments and policy tools to positively influence societal demand for low-carbon solutions. [Read online.](#)

THE ALLIANZ CLIMATE AND ENERGY MONITOR

We work with other investors, think tanks and academic institutions to measure risks and opportunities arising from the low-carbon transition and physical climate change.

Our annual publication, the Allianz Climate and Energy Monitor, analyzes the G20 countries' need for renewable energy investments to bring the energy system on a trajectory compatible with the 2°C/1.5°C temperature limits of the Paris Climate Agreement. It also assesses the attractiveness of the regulatory and economic conditions in these countries for renewable energy investors.

The Monitor aims to inform policy makers and other stakeholders on what is needed to support the development of an effective regulatory framework to drive low-carbon investing in every country.



Read the full report online.
[Allianz Climate Energy Monitor 2018](#)



CLIMATE ACTION 100+

We are a member of [Climate Action 100+](#). Led by investors, the initiative's purpose is to engage with the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change.

²⁵ 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC).

RESPONSIBLE INVESTOR:

05.3 ESG IN OUR REAL ESTATE INVESTMENTS

Our ambition is to act as a Responsible Investor and asset manager and to constantly improve our ESG practices. Increasing the share of properties in our portfolio that have an environmental or sustainability certification is a priority. To achieve it, Allianz Real Estate (ARE) launched a new ESG policy in 2018.

€13.3 bn

invested in certified green buildings
(thereof: equity investments: 10.9, debt investments: 2.4).

It is based on three key areas of activity: assess, engage and improve.

1. Assess: During the acquisition phase in particular, we screen transactions for potential ESG issues. Every new equity investment undergoes a thorough due diligence process, including a technical and environmental due diligence and a property-related ESG assessment. As a general rule, any new office or retail investment (equity) must have an environmental or sustainability certification that is either globally recognized (such as LEED or BREEAM) or locally dominant (for example HQE in France and DGNB in Germany). With regards to new fund investments, fund managers must have an ESG policy.

2. Engage: As we move into the management phase, our collaborative engagement strategy seeks to influence business partners to strengthen their ESG activities. This includes ensuring asset managers fully consider ESG topics as part of their performance review meetings with joint venture partners and supporting external property managers to improve ESG standards and performance.

3. Improve: We aim to measure and improve the ESG performance of our real estate portfolio. For example, we seek out pilot “lighthouse” projects and group-wide initiatives that can include procurement of certified green energy, investment in on-site energy production facilities and specific energy efficiency measures, such as the installation of LED lighting.



*Sue & Til, Winterthur. This environmentally friendly complex is one of the largest wooden multi-family structure in Switzerland and is owned by ARE.

CASE STUDY:

DECARBONIZATION OF OUR REAL ESTATE PORTFOLIO

As part of our commitment to the Science Based Targets initiative (SBTi) (see page 54), ARE has established a SBTi working group which is focused on increasing activities with regards to decarbonization of its real estate portfolio. As a first step, we have estimated the carbon footprint of our global direct portfolio. Using this, we have derived respective science-based emission reduction targets which will be refined before application for approval by the SBTi.

The working group has developed action areas that will drive progress towards decarbonization targets in the coming years. This includes further investments in certified green buildings, increased use of renewable energy, energy efficiency improvements (e.g. via energy audits for selected assets) and targeted engagement with tenants. The outcomes of this work will be used by ARE to shape its future ESG framework.



RESPONSIBLE INVESTOR:

05.4 ESG IN THIRD-PARTY ASSET MANAGEMENT

Allianz is one of the world's largest asset managers. Allianz Asset Management GmbH runs our asset management business through two operational entities: Allianz Global Investors and PIMCO.

The two asset management firms have different regional focuses and investment strategies, and each has its own approach to embedding ESG criteria into asset management. Both offer a range of ESG integrated solutions, socially responsible investing (SRI) products as well as services using strategies such as a best-in-class approach, impact investing, negative screening and exclusions. These solutions provide customers with an array of ESG investment options that deliver financial, social and environmental returns that meet the needs of the clients.

At the end of 2018, total sustainable and ESG investments managed for third parties by AAM entities amounted to 175.6 billion Euro. PIMCO's share of these SRI assets totalled 134.7 billion Euro and AllianzGI managed 40.9 billion Euro.

Both AllianzGI and PIMCO published their first responsible investment (ESG) reports in 2018.

Allianz Capital Partners, the Group's in-house asset manager for private equity, renewable energy and infrastructure became part of AllianzGI in 2018.

ALLIANZ GLOBAL INVESTORS

Active is: Unlocking the potential of ESG

Environmental, social and governance (ESG) factors are important investment performance drivers, both from a return and a risk perspective. As a result, AllianzGI aims to incorporate ESG criteria across the entire investment value chain to deliver better investment outcomes and competitive returns for clients.

As an active investor, research is core to the ability to generate returns. AllianzGI has been able to demonstrate that ESG research can provide an important signal of future performance. All of our investment professionals globally have access to our proprietary ESG research and are ESG informed for investment decisions. It's through our internal collaboration system that experienced portfolio managers, sector analysts and ESG analysts generate and share new and valuable insights on ESG risks of our holdings which is superior to relying entirely on external ESG ratings and third-party methodologies and judgments.

As active owners and stewards of the assets we manage, through corporate dialog and proxy voting, we aim to steer corporates to a more sustainable business success.

AllianzGI takes a rigorous approach to its 'Integrated ESG' labeling. Portfolio managers in charge of Integrated ESG portfolios have to review and comment holdings with a low

ASSETS UNDER MANAGEMENT: 505 BILLION EURO

ESG informed 360 billion Euro

ESG is in our DNA

We are committed to integrating ESG factors into all investment decisions and across all assets classes.

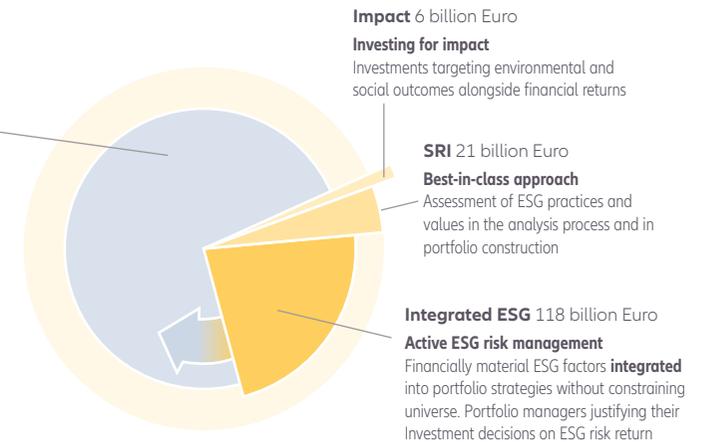
ESG factors are crucial investment performance drivers, both from a return and risk perspective

All investment professionals have access to ESG analysis via our proprietary digital research platform

We pursue an active stewardship approach to improve business practices and performance of companies

ESG rating in view of forward-looking ESG risk/reward.

When a portfolio team sees a compelling opportunity to invest in a company despite the acknowledged ESG risk, they must document their risk/return thinking through a digital collaboration system. Because portfolio managers understand and have the ability to manage ESG risk, AllianzGI is in a unique position to engage with the companies that need it most, in order to see those risks reduced through change. In this way, AllianzGI is committed to, and in the process of, embedding ESG as a tangible factor across all strategies regardless of asset class. Already, Integrated ESG applies to 118 billion Euro of the assets.



One of the strengths of Integrated ESG is that it builds an additional factor into existing investment processes: enhancing rather than changing or constraining the investment process. Yet for a number of clients, ESG is more than a risk-based investment factor. Through its nearly 20 years of experience in Socially Responsible Investing (SRI), AllianzGI is well equipped to provide investment solutions that address clients' extra financial needs – whether that is through the application of negative screening or, through positive screening and societal impact. In addition to 21 billion Euro in SRI strategies, AllianzGI manages some 6 billion Euro of impact investments.

RESPONSIBLE INVESTOR: 05.4 ESG IN THIRD-PARTY ASSET MANAGEMENT

Looking ahead, AllianzGI will further extend its number of Integrated ESG flagship strategies in 2019 and increase its focus on IESG in Fixed Income strategies. AllianzGI will also intensify its efforts to drive low-carbon investment strategies either through direct investments in renewable energy infrastructure or via expanding the reach of an equity strategy that specifically identifies companies that are well prepared for or indeed particularly enabling the transition towards a low-carbon economy.

Engagement and stewardship activities

AllianzGI investment professionals are committed to engaging with investee companies to help them improve performance and safeguard their long-term prospects. Engagement is aimed at enhancing our understanding of the company, assessing leadership and oversight, and building our confidence in the board and management. Common engagement activities relate to an investee company's strategy, operational or financial performance, capital management, corporate governance, as well as their environmental and social impacts. Investment views are influenced by the outcome of these activities and linked to the proxy-voting process, forming a consistent stewardship approach.

In addition to our focus on direct engagement with the boards and management of sizeable holdings, we lead a series of targeted, themed engagement projects e.g. on cyber security or the role of climate change in investee companies' strategy. We also participate in collaborative engagement initiatives aimed at improving corporate practices and disclosure of information at an industry or market level.



You can find more detail on AllianzGI's ESG related policies and proxy voting reports and in the PRI Transparency Report for 2018: [Key documents](#).

Engagement activities in 2018

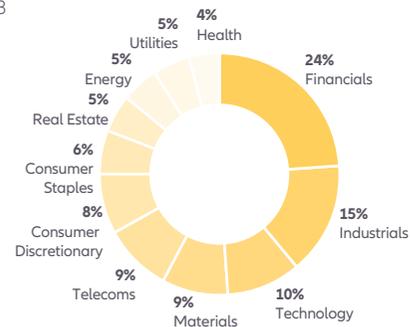
In 2018, we undertook 343 engagement activities across 11 industries and 21 markets, up 75% on the previous year.

+75%

more engagement activities in 2018 compared with the year before.

ALLIANZGI ENGAGEMENT ACTIVITIES

ENGAGEMENTS BY SECTOR
% 2018



ENGAGEMENT BY TOPICS



“In a world where businesses are much more exposed to externalities, and intangible assets have become the most significant value drivers, it is increasingly important that active asset managers integrate ESG factors in order to create long-term value for clients. Active capital allocation is a driver of change and can accelerate the pace at which innovations are adopted in areas that need it most, such as climate transition.”



Andreas Utermann
CEO
Allianz Global Investors



For an overview please consult AllianzGI's "Responsible Investing Report 2018".

RESPONSIBLE INVESTOR: 05.4 ESG IN THIRD-PARTY ASSET MANAGEMENT

COMMITMENT TO ADDRESS CLIMATE CHANGE

AllianzGI places great emphasis on its responsibility to incorporate material climate change risks and opportunities in our investment decisions, risk management and portfolio strategies. During 2018, we have noticed an increased interest in our liquid strategies that address climate change, be it in the green bond space or how companies prepare for climate transition. We are engaging with companies to encourage more disclosure and better practices around climate-related risks through for example the Climate Action 100+ investor initiative. We are also an active member of the Institutional Investors Group on Climate Change (IIGCC) Scenario working group, which has developed an investor guide on climate-related scenario analysis in line with the TCFD recommendations to improve industry standards.



Read the AllianzGI Climate Risk Statement [online](#).



CASE STUDY:

SUPPORTING THE SUSTAINABLE FINANCE AGENDA



The European Commission has sent out a strong signal to the market on its commitment upon publishing the Action Plan on Sustainable Finance. Allianz Global Investors is one of the 35 members appointed to the Technical Expert Group which is advising on details and implementation of the Action Plan. For AllianzGI, this is an opportunity to actively share value and engage on a policy level by helping to shape the European sustainable finance agenda and its current focus on the low-carbon transition and alignment with the 2 degree target (see page 7). This includes building a European taxonomy on climate mitigation and adaptation, building European green bond standards, setting standards for low-carbon and ESG benchmarks and shaping guidelines for corporates on better climate risk and opportunity disclosure.



You can find an overview on the European Union's Sustainable Finance agenda [here](#).

RESPONSIBLE INVESTOR: 05.4 ESG IN THIRD-PARTY ASSET MANAGEMENT

PIMCO

In managing risk and delivering returns for its clients, PIMCO integrates ESG issues across all of its actively managed strategies. Early identification of ESG risk factors is a priority to ensure that value deterioration is avoided in securities that are negatively affected by ESG developments.

PIMCO has created a dedicated ESG platform for investors who wish to target positive social and environmental change. ESG portfolios utilize the same investment resources and incorporate the same macro positioning as other PIMCO portfolios. Unlike other portfolios however, ESG portfolios emphasize three additional building blocks: exclusions, evaluation and engagement:

- **exclusion** of issuers whose business practices are misaligned with sustainability principles;
- **evaluation** of issuers based on their ESG credentials and favoring of those with best-in-class ESG practices; and
- **engagement** with issuers to improve their ESG practices.

In 2018, PIMCO expanded its existing ESG fund suite with an ESG Credit strategy. This fund now sits alongside our other ESG fund strategies covering Global Bonds, Emerging Markets, U.S. Fixed Income and Short maturity bonds.

PIMCO also continued to build out its ESG platform this year by enhancing the analysis of securitized debt with a proprietary ESG score. In addition, we developed an in-house ESG scoring methodology of municipal debt and further refined our ESG scoring for sovereign issuers.

CASE STUDY:

CORPORATE REPORTING ON THE SDGs: MAPPING A SUSTAINABLE FUTURE



UN Sustainable Development Goals (SDGs) are a powerful framework with which to construct and manage portfolios designed to deliver positive societal impact alongside competitive returns. But to enable investors to make informed decisions and direct capital towards positive impact, companies need to publish relevant SDG performance data. PIMCO recently conducted a review on the quality of corporate reporting on the SDGs, with the study examining the corporate disclosure of more than 240 issuers. Generally companies have a high level of awareness of the SDGs, with 63% referencing them, of which 39% map business activities to specific goals.

SHARE OF COMPANIES REFERENCING THE SDGs



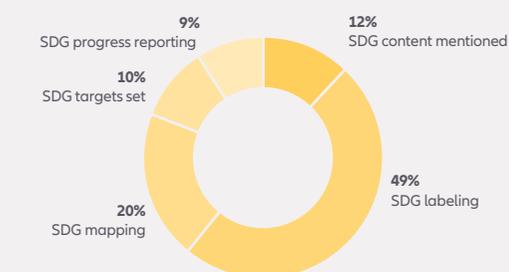
Source: PIMCO as of 30 November 2018. Data for 246 issuers reviewed.

Despite this high awareness, most companies are finding it challenging to translate support into action and to identify targets that can add business value, with only 19% of companies that reference the SDG setting quantitative targets for meeting the goals. It is clear that the need for a common set of impact performance indicators has never been greater for investors to compare the SDG contribution of companies. PIMCO's study illustrates best practice case studies of corporate activity, together with some actionable recommendations.



Find out more [here](#).

BREAKDOWN OF SUSTAINABILITY REPORTING STATUS



Source: PIMCO as of 30 November 2018. Data for 154 companies referencing the SDGs.

SDG mentioned: Without discussion on how they relate to business activities.

SDG labeling: Existing sustainability activities tagged to applicable SDGs without evidence of any in-depth analysis.

SDG mapping: The Company has conducted a thorough mapping analysis and prioritized relevant goals.

SDG target set: The Company articulates measurable indicators for priority goals and sets meaningful objectives.

SDG progress reporting: The Company discloses progress against targets.

RESPONSIBLE INVESTOR: 05.4 ESG IN THIRD-PARTY ASSET MANAGEMENT

“What is clear is that ESG investing in fixed income is still developing; we and others across the investment community have more work to do. ‘Evolution, not revolution’ has been PIMCO’s approach at each stage of our development, and ESG is no different. We want to make sure that as we expand our platform, we retain all that is best about PIMCO – a focus on performance as well as excellence in client service.”



Emmanuel Roman
Managing Director
PIMCO

ADVOCACY AND ENGAGEMENT

PIMCO supported a number of different initiatives in 2018, including working with the UN Global Compact to jointly host an Inaugural Symposium in California for representatives of corporations, asset managers, asset owners and global policymakers. Its purpose was to discuss the increasing role of the private sector and capital markets to help meet the UN’s Sustainable Development Goals (SDGs). It was the first ever event that the UN Global Compact has co-hosted and co-organized with a private sector asset manager.

PIMCO also published its first ESG Annual Investment Report for its stakeholders, providing a comprehensive overview across multiple ESG initiatives, including engagement progress. In 2019, it will also publish its first UN Global Compact progress report.



You can find details of PIMCO’s ESG approach on their ESG website, in their [ESG](#) annual report and [PRI](#) Transparency Report for the fiscal year 2018.

RESPONSIBLE INVESTOR:

Looking ahead.



As we look ahead, we have a number of workstreams aimed at further deepening our ESG work. These encapsulate the roll-out of our integration and engagement platforms across further fixed income segments and new product build out.



We will maintain our focus on measuring the social and environmental impact of our investments and aligning our investment strategy with the SDGs where we can have the greatest impact.

06

OUR ROLE AS A TRUSTED COMPANY

Customers' trust in Allianz is based on resilience, integrity and competence. To build on these attributes and ensure that we are fit for the future, we are changing the way we think about and engage with our customers. We recognize that the way people communicate continues to evolve with technology. Today, communication happens in real-time, across borders and languages, and in more transparent and personal ways. We must use these opportunities to empower, engage and inspire our customers and build trusting relationships. This means engaging with communities and networks around specific issues and keeping abreast of emerging issues as they arise.

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HIGHLIGHTS



Net Promoter Score: Allianz Group business segments score above market or in a loyalty leader position in 2018.



Adopted the Allianz Privacy Standard reflecting requirements of the GDPR.



Acceptance of our Binding Corporate Rules for international data transfers.



Signed up to RE100 committing Allianz to 100% renewable energy by 2023.



cut in CO₂ emissions per employee since 2010.



562 suppliers have contracted our Vendor Code of Conduct for 2018.

CHALLENGES



Reinforcing stakeholder trust in Allianz through continued transparency, competence and resilience.



Further optimizing the customer experience using paperless communication, simplified product design and digital servicing, whilst ensuring data security.



Reducing the environmental impacts from our own operations in the long term, in line with climate science.



TRUSTED COMPANY:

06.1 OUR APPROACH



TRUE CUSTOMER CENTRICITY

To achieve True Customer Centricity, we are transforming into a company that revolves around its customers. We want our customers to see Allianz as a company whose heart beats for them and that designs its products and services from their perspective. This means radically simplifying and digitalizing our products and processes, ensuring what we provide is relevant and delivering superior value through excellent and caring customer service.

To understand and meet the needs of our diverse global customers, we use a three step model: measure, analyze, act. We collect direct customer feedback using proven and tested survey tools and methodologies and we take action based on what we learn.

Our ambition is to achieve a step-change in our global Net Promoter Score (NPS) performance, with 75% of our business segments achieving above market average or a loyalty leader position by 2019.

In order to ensure that our global ambitions 2019 will be met, dedicated 'NPS activation workshops' will be organized in the first half of 2019 with all OEs in scope to identify performance gaps and define concrete action plans.

DIGITAL BUSINESS TRANSFORMATION

As the insurance industry continues to evolve, so do the needs and expectations of our customers. Through online technologies, more people can find out about, buy, and interact with our products. This is especially important in emerging markets.

Our digital business transformation combines our essential business aspects with our overall goal of being a digital and data driven company. Our Customer Excellence Program is focused on ensuring we better understand our customers' experiences by collecting qualitative, personal feedback. The Global Digital Factory (see page 48) is our digital transformation unit which collaborates with Allianz companies around the globe, helping them transform their business and improve customer satisfaction, effectiveness and efficiency.

Digitalization also comes with data security risks. It is the insurance sector's responsibility to protect customer privacy. To ensure that advances in digitalization do not compromise data security and privacy, we are closely involved in political engagements on the update and modernization of European privacy legislation.

FOSTERING INTEGRITY AND MANAGING OUR IMPACTS

Our success depends on being seen by customers as a financially stable and trustworthy company. We achieve this by demonstrating integrity, competence, and resilience in everything we do. We work hard to build a culture of compliance, ethical decision-making, and good governance, combined with transparent financial communication and thought leadership on the issues affecting our customers.

Our approach encompasses a wide range of focus areas that take into account: robust data privacy and security; high ethical standards through strong leadership; the Allianz Code of Conduct and internal controls.

Furthermore, we manage our environmental impacts with a particular focus on climate change and promoting sustainability in our supply chain.

TAX TRANSPARENCY

In times of an international, globalized business landscape, taxation becomes more and more complex. We recognize that this complexity raises external expectations for "The B Team Responsible Tax Principles" increased tax transparency. As a member to the B Team, Allianz SE, together with a group of companies has developed the so-called '[B Team Responsible Tax Principles](#)', a common framework of core principles and practical commitments for companies to demonstrate responsibility in their tax-approach.

In 2018, Allianz paid 2.7 billion Euro in income taxes to governments around the world. Please find a breakdown of income taxes per region in ☺ Table TAX-1 on page 105.

Last year, Allianz published its first Tax Transparency Report outlining its approach to being a responsible taxpayer. The 2017 report is [available online](#). The 2018 report will be published in May 2019.



TRUSTED COMPANY:

06.2 GROWING WITH OUR CUSTOMERS

Customer centricity – one of the five pillars of our Renewal Agenda – involves practicing relentless execution for our customers while outperforming the competition. To achieve it, we need to understand our customers' emerging needs and adapt our business accordingly. Customer feedback enables us to do this by informing our products, services and processes and offering easy and adaptable solutions.

To gain a better understanding of our customers' needs and how well we are meeting them, we ask for direct feedback regarding the experience of dealing with Allianz and whether they would recommend us. We seek feedback at different stages of the customer journey, for example at point of sale, submitting a claim, or canceling/renewing a contract.

35

Allianz companies and Global Lines had applied the Customer Excellence approach by the end of 2018.

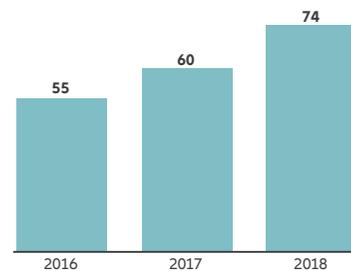
MEASURING CUSTOMER LOYALTY

We use the globally recognized Net Promoter Score (NPS) as our key metric for customer loyalty through their willingness to recommend Allianz. Since it is applied regularly according to global cross-industry standards, NPS allows benchmarking against our competitors and industry peers.

74% of Allianz Group business segments score above market or in a loyalty leader position in 2018; Ambition: 75% of Allianz Group business segments score above market or in a loyalty leader position in 2019.

CUSTOMER LOYALTY

SHARE OF ALLIANZ GROUP BUSINESS SEGMENTS SCORE ABOVE MARKET OR IN A LOYALTY LEADER POSITION



Our Customer Excellence Program aims to take us ahead of the industry by systematically measuring customer experience, identifying areas for improvement and enhancing the drivers of satisfaction along the entire customer journey (as opposed to discrete touch points). By the end of 2018, 35 Allianz Group companies and global lines around the world had applied the Customer Excellence approach. We have now optimized about 180 customer journeys worldwide in the past three years. Furthermore, to ensure a continuous customer centric approach, local capabilities have been built in the operating entities including 28 Customer Excellence Masters and over 100 Customer Excellence Experts.

CUSTOMER EXCELLENCE: WINNING HEARTS WITH WOW-MOMENTS

To achieve Customer Excellence, we need to better understand our customer's personal experiences. This can only be achieved by collecting qualitative feedback from individual customers. Our Customer Excellence Program will see operating entities interview some 500 to 1000 customers to identify the 'pain points' in the customer journey, and the root causes that lie behind them. Overcoming these problems can mean coming up with innovative solutions to exceed our customers' expectations.

In 2018, we embedded a more continuous form of monitoring and improvement of customer journeys with the introduction of a 5-star rating program. It allows customers to evaluate their satisfaction on a 5-point scale at various touch points in the journey. For example in the claims journey, whenever customers have a claim against us, we ask them afterwards to rate their satisfaction with the settlement. If their rating is below 3 stars, we follow up to ensure that the issue is resolved and prevented from happening again to other customers. We aim at publishing customer feedback online for full transparency to our customers and prospective customers.

Approx. 180

customer journeys optimized since 2015.

28

Customer Excellence Masters and over 100 Customer Experts across the Group.

TRUSTED COMPANY:

06.3 PROGRESSING TOWARDS DIGITAL BY DEFAULT

The Global Digital Factory (GDF) is the digital transformation unit of Allianz Group, building engaging digital customer experiences since 2016. The GDF collaborates with Allianz companies around the globe, helping them transform their business and improve customer satisfaction, effectiveness and efficiency. Based in Munich, the Global Digital Factory delivers scalable digital solutions to serve customers globally.

A mixed team of designers, developers, user researchers, product owners, digital marketers and insurance experts explore innovative ways of working, user-centric design, development methodologies as well as cutting-edge technology. So far, the GDF has co-created 11 customer journeys, for instance motor claims, health claims and global retail product. Seven of these digital customer journeys have already been rolled out in 16 Allianz entities.

72%

of our outbound communication is digital.

A customer journey is the story of the customer's end-to-end experience, starting from when they go through a disruptive moment in their life. In the case study on the right you can find an exemplary journey; co-created between GDF and Allianz entities:



CASE STUDY:

MOTOR CLAIMS 'ONE APP'

After the successful launch of the Motor Claims MyMobility App in Austria, UK and AGCS, it has now been extended to 'One App', supporting all Lines of Business (Mobility, Home and Health/Life/Investments). Built in a modular way, 'One App' includes Digital Assistance services, Customer Portal functionalities and many value-adding services to increase customer engagement.

"The Allianz [MyMobility App] solution addresses the 4As our customers expect: Anyone, Anytime, Anywhere, Anything – kicked off by a personalized video at the beginning of the customer journey. This is a good example of how combining Heritage and Renewal creates something powerful!"



Xavier Woelfl
Chief Digital Officer
Allianz Austria

TRUSTED COMPANY:

06.4 PROTECTING OUR CUSTOMERS

Meeting our customers' needs and protecting their information is central to our ambition to be the most trusted partner in insurance and investments. Our customers rightly expect their personal information to be treated with the utmost care and we take this responsibility seriously. Embedded within our commitment to a Digital by Default service, we ensure robust privacy controls to give our customers peace of mind that their personal information is safe and secure.

STRENGTHENING OUR GLOBAL PRIVACY FRAMEWORK

The Allianz Privacy Framework includes: a global standard for data privacy; a privacy impact assessment and risk management process; integration with Information Security core functions; and training for employees on the appropriate processing of personal data belonging to our customers, employees and third-party partners. All measures are subject to regular audit and assurance activities.

The Allianz Standard for Data Protection and Privacy defines rules and principles for collecting and processing personal data. It sets out six privacy principles that we expect all our employees to respect, wherever they are in the world: due care; purpose specification; reasonable limitation; transparency and openness; choice and consent; and privacy by design. We also publish a Privacy Notice that clearly states what information we collect, and why. In 2018, our data protection authority accepted our Binding Corporate Rules for international data transfers.

PRIVACY RISK MANAGEMENT

We consider the identification and management of privacy risks at the operational process level to ensure we measure, monitor and remediate risks across Allianz's core businesses. Privacy Impact Assessments (PIAs) of high exposure processes that use personal data enable the early identification of risks to ensure they are managed. In 2016, we began work to fully automate the PIA process for all Allianz Group companies. The PIA tool has been implemented across Allianz Group in conjunction with training sessions. Privacy risks are included in Allianz's Integrated Risk and Control System (IRCS), which helps us measure and monitor privacy risks across the organization.

SAFEGUARDING PERSONAL DATA

The security of the personal data we hold is equally as important. Our robust Information Security Framework applies strict security processes, standards, and tools globally. It defines minimum requirements, based on the ISO 27001 standard for information security management. This includes a requirement for vulnerability assessments along the software development value chain (including penetration tests and security audits), monitoring of systems via multi-level security systems, and effective IT Security Management and Business Continuity Management.

COMPLIANCE WITH INDUSTRY DEVELOPMENTS

We keep abreast of regulatory and industry developments and aim to reflect these in our operational and governance processes and procedures. The Allianz Privacy Renewal Program was established in 2016 to address the E.U. General Data Protection Regulation (GDPR), which came into effect in May 2018. Since that date, we have undertaken our governance function through a formal process of collecting the implementation status of the Allianz Privacy Renewal Program across the Group. We have worked with Allianz Group companies and other group functions to remediate gaps in organizational set-up, processes, and IT systems.

ENGAGING WITH EMPLOYEES

We continue to focus on employee engagement to build understanding of privacy requirements, including through the deployment of our interactive data privacy training in 2018 to ensure Allianz employees understand their responsibilities in protecting customers' privacy. Our Digital Privacy Guidelines have been deployed to all Allianz Group companies and cover privacy-related topics impacting digital projects – both privacy by design (as part of new product and service design processes) and privacy by default (so that where individuals are given choices around the use and onward sharing of their personal data, the initial settings restrict disclosure).

In 2018, over 100 legal, compliance, privacy and information security professionals came together for the third Allianz Privacy Summit. Over three days, they exchanged knowledge and best practice to achieve a sustainable level of data privacy and protection across all Allianz Group companies.

Looking ahead, we will continue working to ensure compliance with the E.U. GDPR and will update the Allianz Privacy Standard, functional rules, and privacy guidance to reflect regulatory changes and judicial decisions. We will also facilitate deeper engagement on privacy-related issues across the Group, including through ongoing data privacy training.

TRUSTED COMPANY:

06.4 PROTECTING OUR CUSTOMERS

INTEGRITY

Integrity and honesty are fundamental to building relationships of trust. This means conducting our business with transparency in every single transaction, wherever we are in the world. Our anti-corruption and anti-trust programs, alongside our approach to international sanctions and embargoes, help to ensure we make decisions based on what is right and good for business, while complying with applicable legal restrictions.

ETHICAL STANDARDS

Based on the principles of trust and integrity, the Allianz Code of Conduct for Business Ethics and Compliance establishes minimum standards of conduct for all Allianz employees worldwide. It also sets out the ethical responsibilities of the Board, especially with respect to handling potential conflicts of interest and standards of corporate disclosure. Separate standards apply to each risk area and cover employee ethical behavior, both personally and professionally. Group Compliance has established a dedicated function for integrity culture.

The Allianz Standard for Capital Markets Compliance ensures adherence by employees with market abuse rules, and integrates the requirements of the E.U. Market Abuse Regulations into our rules and procedures.

RESPONSIBLE SALES

Our positive reputation is built on the trust that customers, shareholders, employees, and the general public have in our integrity. This trust depends on the quality of our products, the way we inform and advise our customers, and on the personal conduct and capability of our sales employees and representatives. The Allianz Broker Remuneration Principles state that "Allianz commits itself not to devise or agree to remuneration schemes which are aimed at inducing Brokers to act to the detriment of our customers or to distort fair competition."

We have set Minimum Standards for Asset Management Marketing Practices, which include the principles of truthful, clear and accurate information on investment styles and philosophies.

Our global standard Sales Compliance Program comprises of processes and controls for communication, monitoring and audit. Recent initiatives include enhancement of product governance principles and new solutions to deal with the low interest rate environment in Life Insurance. After a successful start involving 18 entities in 2017, all affected Allianz entities globally are now reviewing their portfolio of retail insurance products against quantitative criteria.

We have also further refined how we identify products that could lead to a negative impact for the client/customer. This initiative, overseen by the Allianz CEO, aims to ensure that the value to customer is maintained for existing and new products. We will work to better define 'social' products and assess the potential for more transparent communication around these.

PROMOTING ETHICAL STANDARDS

In addition to The Allianz Broker Remuneration Principles, in the course of the implementation of the Insurance Distribution Directive (IDD), the Markets in Financial Instruments Directive (MiFID II) and the Packaged Retail and Insurance-based Investment Products (PRIIPS), we have developed solutions that go beyond the pure legal requirements in order to foster True Customer Centricity.

The globally binding Allianz Code of Conduct for Business Ethics and Compliance underpins all of these responsible sales controls. It specifies that:

- employees of Allianz Group must not, either by their action or statements, seek to mislead the market or customers;
- when establishing a customer relationship, or providing financial services to a client, appropriate care shall be taken to ensure that the customer receives information that is necessary for a reasonable decision to be taken by the customer; and

- potential Board members of Allianz Group entities and certain senior executives are interviewed systematically by Legal, Compliance and Audit to assess their integrity.

The implementation project for regulatory changes in Europe (MiFID II/IDD) is paying special attention to the advice given to customers and establishing clear rules in this area.

LISTENING TO OUR CUSTOMERS

A responsible approach to sales is more likely to lead to customer satisfaction. In turn, satisfied customers are loyal and more willing to recommend us. Our customers' interests take priority whenever they seek advice from us, and exemplary sales practices are of particular importance.

In addition to customer surveys, complaints are an important source of feedback and we analyze them closely to identify potential improvements. We have internally certified our subsidiaries to ensure group-wide quality standards for handling complaints are met and customers are treated fairly.

TRUSTED COMPANY:

06.4 PROTECTING OUR CUSTOMERS

ZERO TOLERANCE OF FRAUD AND CORRUPTION

We take a zero-tolerance approach to fraud and corruption. At a minimum, that means complying fully with local and international anti-corruption and anti-bribery laws. Going further than just compliance, the Allianz Anti-Corruption Program sets standards for a consistent and comprehensive group-wide approach in every jurisdiction. Aimed at employees and third parties with whom we do business, the program and policy prohibit the offer, acceptance, payment or authorization of any bribe, or any other form of corruption, be it with the private sector or with government officials.

Anti-corruption training is compulsory for all employees, with online and in-class training delivered in 25 languages.

ANTI-MONEY LAUNDERING

Within the framework established by Allianz Group's Code of Conduct for Business Ethics and Compliance, Allianz companies have established policies and procedures for the prevention of money laundering and terrorism financing based on high standards of customer identification, verification and monitoring, as well as suspicious activity reporting in compliance with applicable legal requirements. We use various screening and monitoring systems to manage risks and to ensure compliance with economic

sanctions restrictions. Allianz companies are responsible for implementing appropriate Compliance Programs and related processes to avoid the risk of money laundering and terrorism financing, in accordance with applicable law.

RESPECTING ECONOMIC SANCTIONS AND EMBARGOES

We have global policies and procedures in place for compliance with trade and financial sanctions. These policies and procedures include, among others, requirements for the screening of customer and counterparty names against the sanctions lists provided by the UN, E.U. and the U.S. Office of Foreign Assets Control (OFAC). Our global requirements also include an enhanced review requirement for high-risk transactions related to countries, sectors or parties subject to sanctions programs.

Some of our insurance coverage and other business can relate to clients' underlying business transactions that may involve sanctioned countries or sanctioned persons. Our sanctions compliance program aims to ensure that we respect all applicable sanctions restrictions (for example, where permitted, we may provide insurance for humanitarian goods), with a focus on high-risk transactions. These transactions are subject to a mandatory enhanced review process, as mentioned above.

COMPETITION

We believe that fair competition and access to the market drives innovation, stimulates growth and benefits the consumer. As a global player and a leading provider in our sector, we have a responsibility to ensure that we act in compliance with competition law. To take on this responsibility, we have adopted the global Allianz Antitrust Program consisting of the Antitrust Standard, which was updated this year and lays out the compliance measures to be adopted across the Group and the Allianz Antitrust Code, which provides for a set of behavioral rules that employees must observe when dealing with competitors, customers and business partners. We regularly provide classroom and online training to Top Management and Exposed Employees to refresh and develop their understanding of antitrust rules and how they affect their daily business.

LEADERSHIP STRUCTURE

We believe that good corporate governance is not restricted to fulfilling our legal obligations. Rather, it is an integral part of our corporate culture and a way in which we can build trust. This is why the Allianz Code of Conduct for Business Ethics and Compliance is fundamental to our responsible corporate governance.

Allianz operates a two-tier Board system: the Supervisory Board is made up of six independent Directors and six employee representatives, while the Management Board consists of nine senior executives appointed by the Supervisory Board for a maximum term of five years.

All members of the Supervisory Board are considered independent according to the German Corporate Governance Board's definition. Potential Board members of Allianz Group entities and certain Senior Executives are interviewed systematically by Legal, Compliance and Audit to assess their integrity.

TRUSTED COMPANY: 06.4 PROTECTING OUR CUSTOMERS

The Chairman of the Supervisory Board of Allianz SE is Michael Diekmann, who was a former member of the Board of Management and has observed the legally required two-year 'cooling off' period. Within the Supervisory Board, the Nomination Committee is responsible for drawing up selection criteria for shareholder representatives. It comprises the Supervisory Board Chairman and two other shareholder representatives.

MANAGING COMPLIANCE

In 2018, we completed the second cycle of the integrated compliance risk scoping and assessment activities as part of the Allianz's Integrated Risk and Control System. We continue to strengthen the risk-based focus of compliance control reviews and testing and to improve our IT solutions to optimize and harmonize all these activities and reporting activities across the Group and ensure data quality. We have also rolled out a further enhanced compliance assurance approach that now includes baseline reviews to fast track compliance onboarding of newly acquired entities, risk-based targeted reviews of existing entities, and key control testing.

'SPEAKUP!'

Every employee that joins Allianz receives a link to the compliance portal that includes a welcome presentation. SpeakUp! Facility Compliance Officers can also be contacted via the intranet and hotlines



for topical issues. Generally, any minimum level of variable compensation is based on compliance and integrity targets and Senior Executive remuneration is linked to upholding the Code of Conduct and other compliance requirements.

As well as our group-wide SpeakUp! hotline, employees have access to other local and group-wide whistleblowing channels through which they can raise concerns anonymously (unless local legal restrictions apply). Our Whistleblowing Guidelines provide

guidance to ensure incoming reports are handled appropriately. We also continuously promote whistleblowing as part of internal events and campaigns.

OUR COMPLIANCE MISSION:

We safeguard Allianz reputation as a trusted financial services provider and promote, in partnership with management and business, a culture of integrity and compliance by advising on business conduct that is lawful, ethical and in the interest of our customers, shareholders, business partners and colleagues; preventing and detecting violations of laws and regulations through identifying and managing compliance risks and advocating Allianz's compliance positions with regulators.

TRUSTED COMPANY:

06.5 POLITICAL ENGAGEMENT

We participate in open dialog with political stakeholders. To this end, we hold ongoing events and dialogs with governments and financial institutions to explore societal issues and communicate policy positions to support public policy development.

EXTENDING OUR INFLUENCE

Given the challenges facing society, we believe that it is vital to work together – as partners, governments, and institutions – to identify sustainable solutions. We engage in political lobbying as part of the democratic process, contributing our expertise and knowledge to support policy development. We share our insights to help tackle regulatory and macroeconomic challenges. We ensure that all lobbying and political networking activities are undertaken in line with the Allianz Lobbying Code of Conduct, which mandates minimum standards for contacts with representatives of politics, private sector and society.

We are a signatory of the European Union Transparency Register Code of Conduct and our Group Regulatory Affairs and Public Policy department monitors regulatory and legislative developments and channels appropriate responses.

LOBBYING AND POLITICAL NETWORKING

Group Regulatory Affairs and Public Policy (GRAPP) is the center of competence for Allianz's regulatory and political activities globally. It supports operating entities with regard to regulatory and political strategy and oversees regulatory and political topics within the Group.

We are committed to democracy and we have made financial contributions for many years to political parties that support the social market economy. In 2018, Allianz Germany contributed 20,000 Euro to CDU, CSU, SPD, Greens and FDP respectively. Every party's youth organizations received a grant of 10,000 Euro to support their focus on social issues of our future. Because we donate below the German Bundestag reporting threshold of 50,000 Euro, we publish a press release outlining our political donations.

OUR POSITIONS

One of the roles of GRAPP is to develop and uphold Allianz's position on relevant political and regulatory issues. In 2018, these included:

Digitalization and data security: we support the European Commission's Digital Single Market Strategy (DSM), the engagement to update the European competition rules facing new digital competitors and are actively contributing to public discussions, with a special focus on practicability of regulation for Allianz Group.

Consumer protection: we are involved in discussions around the Pan-European Personal Pension Product (PEPP), the Insurance Distribution Directive and the implementation of the new regulation for Packaged Retail Insurance-Based Investment Products. We also contributed to discussions on the initiative 'A new deal for consumers.'

The E.U. Capital Markets Union (CMU): we fully support and actively contribute to public discussion and consultations on the CMU's objectives to create deeper and more integrated capital markets in its 28 Member States, in particular those fostering long-term investments.

Global insurance capital standards (ICS): we support the development of global comparable capital standards and we believe current approaches must converge over time to achieve true comparability.

Systemic risk regulation: as a Global Systemically Important Insurer, we participate in consultations, field testing, and working groups to better understand the implications of the capital requirements for Allianz Group and advocate our position in regulatory dialog.

The seventh Berlin Demography Forum: "Shaping the Future: Domestic and International Migration in Europe"

In April 2018, the seventh Annual Berlin Demography Forum (BDF) was held to raise awareness and explore solutions to the long-term consequences of a demographic change. Designed as an annual conference, the BDF brings together leading politicians, scientists, economists and representatives of international organizations and civil society to debate possible routes towards sustainable development and communicates them publicly. Against the backdrop of demographic change, the seventh forum sought to examine the role of migration within and between different countries and regions in Europe. Within the debate, regional implications and international comparison received special attention. Being a partner of the forum, Allianz sponsors the 'Allianz European Demographer Awards' as well as the 'Allianz Nachwuchspreise für Demografie' (Allianz Demography Award for junior researchers), which were announced in the Allianz Forum during the annual evening reception.

TRUSTED COMPANY:

06.6 ENVIRONMENTAL IMPACT

As well as improving environmental standards and helping to drive decarbonization through our insurance and investment business, we continually strive to improve the environmental performance of our own operations.

ENVIRONMENTAL MANAGEMENT

Our group-wide Environmental Management System (EMS) provides standards and controls, supports environmental data collection, and promotes transparent reporting of environmental impacts across our operations. It guides us in monitoring and managing our CO₂ footprint, managing our use of natural resources including water and energy, and reducing our waste. Operational implementation of our EMS is monitored by the Group Environmental Officer and supported by the Board of Management of Allianz SE. In 2018, 94% of employees were included under the scope of our EMS (2017: 91%) (see also ☉ Table ENV-1).

As part of our efforts to strengthen our environmental management, Allianz SE headquarters in Munich, was certified to the international standard ISO 14001 in 2017.



Further information on our Group Environmental Guideline can be found [here](#).

CARBON REDUCTION STRATEGY

We have a long-established carbon reduction strategy to manage CO₂ emissions from our operations, for example through energy-efficient planning, construction and operation of buildings, buying green electricity, and using carbon efficient vehicles. In May 2018, we joined the [Science Based Targets initiative \(SBTi\)](#) and committed to set long-term climate goals, linked to the Paris Climate Agreement to limit global warming to well below 2°C.

Allianz Group has been carbon-neutral since 2012, achieved by neutralizing our remaining CO₂ emissions through investments in carbon-reduction projects.

In 2018, under the [RE100 initiative](#), we committed to source 100% renewable power for our group-wide operations by 2023. This commitment will more than double the share of renewables in our electricity mix. It covers the power demand for the office space we occupy and our data centers. With operations in over 74 countries, we will need to engage deeply with our suppliers and landlords to achieve this.

CO₂ EMISSIONS

Our most material CO₂ emissions arise from energy consumption, business travel and paper use. We have committed to reduce CO₂ emissions by 30% per employee by 2020, against a 2010 baseline. By the end of 2018, we had reduced CO₂ emissions by 27% per employee (2017: 27%²⁷).



Full details of our CO₂ emission disclosure, including by Scope 1, 2, and 3 emissions, are provided in ☉ Table ENV-2.

45%

of our electricity use came from renewable, low-carbon sources in 2018 (2017: 45%²⁶).

27%

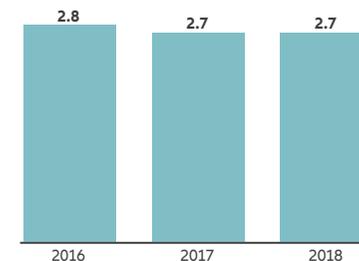
cut in CO₂ emissions per employee against our 2010 baseline.

34%

reduction in energy consumption from office buildings per employee against our 2010 baseline.

OUR ENVIRONMENTAL PERFORMANCE

CHANGE IN CO₂ EMISSIONS²⁷
(tons of CO₂e per employee)



²⁶ Please note, that the data for 2017 has been restated, for further details, please see our explanatory notes.

²⁷ Please note, that the data for 2017 and 2016 have been restated, for further details, please see our explanatory notes.

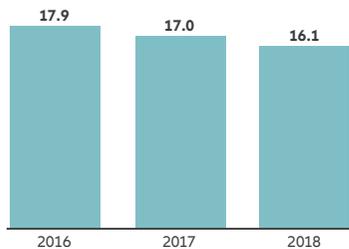
TRUSTED COMPANY: 06.6 ENVIRONMENTAL IMPACT

REDUCING ENERGY CONSUMPTION

Our target is to reduce energy consumption in our office buildings per employee by 30% by 2020, compared with 2010. We have achieved a 34% cut (2017: 30%), and exceeded our 2020 targets. 45% of the electricity we used came from renewable, low-carbon sources (2017: 45%), which contributes towards our target of switching to 100% renewable power by 2023 for the operations of Allianz Group (see © Table ENV-3 for further details).

OUR ENVIRONMENTAL PERFORMANCE

CHANGE IN ENERGY CONSUMPTION FROM OFFICE BUILDINGS (gigajoules per employee)



CASE STUDY:

SHIFTING AWAY FROM PLASTIC

At Allianz SE in Munich, we are working to eliminate single-use-plastic waste in our gastronomy. Starting by engaging with our local suppliers, much of our fresh food is delivered in reusable and returnable packaging. Since 2015, our refill system of ceramic mugs saves more than 600,000 disposable coffee cups every year. During 2018, the single-use-plastic packaging in our canteen and bistro was systematically replaced with returnable glass containers with a deposit system and other sustainable packaging solutions. We no longer use plastic straws and our sandwiches are packaged using paper

and biodegradable corn-based plastic. With developments such as the upcoming E.U. directive on single-use-plastic, we expect more opportunities to reduce our use of single-use and other plastics in the coming years.

Another example on how Allianz is eliminating plastic is at AllianzUS Life, where they have been focused on reducing and eliminating single-use plastics in their on-campus cafeterias. To accomplish this, they focused on two main areas: how to get employees to avoid using single-use cups and containers, and if an employee must use

a single-use cup or container, how to source those from compostable materials instead of plastic. An educational campaign and a \$0.10 discount was launched in 2012 to encourage employees to choose reusable glass cups instead of plastic. Since then, AllianzUS Life employees have purchased over 80,000 beverages in reusable cups. They have also removed most of the plastic container options, and as of today, 90-95% of the food and drink container options for employees are compostable, including cups, silverware, and straws.



TRUSTED COMPANY: 06.6 ENVIRONMENTAL IMPACT

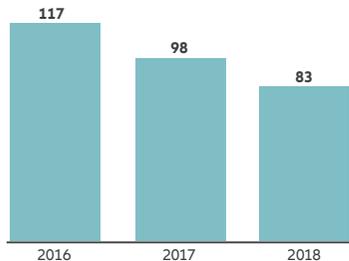
CUTTING CO₂ EMISSIONS FROM BUSINESS TRAVEL

In 2018, business travel accounted for 37% of our CO₂ emissions from operations. To reduce this, we encourage employees to avoid travel for non-business-critical and non-client-related meetings of less than three hours. We also continue to improve the CO₂ performance of our vehicle fleet. We also supported the Indian branch of Allianz Technology on its e-mobility journey towards new mobility concepts in the future (see also ☺ Table ENV-6).

PAPER REDUCTION

Our target is to reduce paper use by 40% per policy by 2020 against a 2014 baseline. By the end of 2018, we had achieved a reduction of 38% (2017: 27%), putting us well on track to achieve our 2020 target (see also ☺ Table ENV-9).

CHANGE IN PAPER CONSUMPTION
(grams per policy)



WATER

Minimizing water use is a principle commitment under our Group Environmental Guidelines. This is of particular relevance in areas at risk of water-stress (see also ☺ Table ENV-7).

WASTE

We seek to minimize the waste we generate and to re-use or recycle materials wherever possible. In 2018, our employees also actively supported local 'clean up' activities, for example in Paris and Munich in 2018 (see also ☺ Table ENV-8).

CARBON-NEUTRAL SINCE 2012

We have been a carbon-neutral company since 2012 by investing in projects that offset our operational emissions. In 2018, we retired 373,448 carbon credits by investing in low-carbon initiatives, each credit accounting for one metric ton of carbon. The savings in emissions are independently measured and certified once a year.

Investments in 2018 included:

Wildlife Works Carbon LLC: we hold a 10% share in WWC, the world's leading developer of Reducing Emissions from Deforestation and Degradation (REDD) projects. Through this investment, we are supporting forest protection in Kenya and the Democratic Republic of Congo (DRC). The Kenyan Kasigau Corridor REDD project aims to offset 1 million tons of carbon



CASE STUDY:

MOBILIZING EMPLOYEES AND COMMUNITIES TO KEEP OUR ENVIRONMENT CLEAN



In 2018, Allianz France partnered with World CleanUp Day to encourage employees, customers and the general public to unite to clean up their local environment. A targeted campaign on social media and emails sent to 1.3 million Allianz customers saw some

3,000 CleanUps catalyzed, involving more than 200,000 people all over France. Allianz France employees, together with employees of other companies, collected 200,000 cigarette butts in just two hours at Paris La Defense.

Also in 2018, Allianz marked World Environment Day in different ways around the world. This included employees in Munich cleaning the banks of the Isar, Munich's local river, and an environmental panel discussion with AGCS colleagues in Auckland, New Zealand.

emissions per year, while the DRC REDD+ project achieves an average of 5.7 million tons of carbon reductions per year.

Rimba Raya: we began investing in this REDD project in Borneo, Indonesia, in 2013.

By helping to prevent the deforestation of nearly 65,000 hectares of peat swamp forest, the world's largest project of its kind aims to avoid more than 130 million tons of carbon emissions.

TRUSTED COMPANY:

06.7 TRUST IN OUR SUPPLY CHAIN

Our risks, impacts, and opportunities extend to our supply chain. We require all vendors above a certain spend threshold to meet the standards set out in the Allianz Code of Conduct, Procurement Policy and Purchasing Principles. Our standards are aligned with International Labor Organization (ILO) standards and the UN Global Compact (UNGC).

Managing our supply chain risks means focusing on a broad range of issues in the area of facility services and logistics, building maintenance and projects, IT systems, insurance, lease cars and business travel, marketing and communications support, and other professional services.

THE ALLIANZ VENDOR CODE OF CONDUCT

Our Vendor Code of Conduct stipulates the standards our vendors and their supplier network must meet with regards to fair labor practices including modern slavery in the supply chain, human rights and non-discrimination, environmental protection and sustainability.

Vendors must comply with all applicable laws and regulations, industry standards, agreements and guidelines regarding the environment and sustainability and, where appropriate, establish policies and management practices that encourage

environmental stewardship in their own supply chain. 88% of our global suppliers²⁸, representing a total spend of 1.6 billion Euro, contracted a Vendor Code of Conduct in 2018.

ASSESSING VENDOR RISK AND COMPATIBILITY

We require all vendors with a contract value over a certain threshold²⁹ to undergo a vendor screening to ensure they are in compliance with the Allianz Group Standard for Procurement due diligence and mitigation against counter-party risks. Vendor Code of Conduct and environmental management-related questions have been included as a prerequisite to sourcing and contracting into the new procurement system registration process since 2017. Data on screening and compliance with the Code of Conduct forms part of the Procurement KPI Reporting.

In 2018, Global Sourcing and Procurement and the Group ESG Office collaborated to develop and pilot a process to conduct ESG assessments for potentially critical vendors. This process will be further refined in 2019.

562

suppliers have contracted our Vendor Code of Conduct for 2018.

“Sustainability is part of our Procurement Mission, processes and Travel Policies. In Procurement, we expand awareness and provide our business with products and services from our suppliers that are in line with our sustainability goals. In Allianz France, we recently became certified ISO 20400 for sustainable Procurement. We have an important role to play in achieving low-carbon operations in line with climate science. As part of our efforts, we support the aim to use 100% renewable electricity

for our operations. Allianz US Life, for example, is already well on the way towards achieving this. We also supported the Indian branch on the e-mobility journey resulting in the first e-car fleet in the region, helping to reduce CO₂ emissions.”



Martin Rädler
Allianz Group
Procurement Officer
Allianz Technology

TRUSTED COMPANY:

Looking ahead



Continue to implement measures to achieve the switch to 100% renewable power for our Group operations and achieve longer-term carbon reduction targets.



Publish our second Allianz Group Tax Transparency Report in May 2019.



Continue to work towards our ambition to achieve Net Promoter Scores above market or in a loyalty leader position.

²⁸ Includes suppliers with a spend volume greater than €250,000.

²⁹ Defined locally by market.

07

OUR ROLE AS AN

ATTRACTIVE
EMPLOYER

Allianz is “the home for those who dare.” Without people who drive change, our long history would not have been as successful as it is. At the same time, the economic environment in which we operate is radically changing. This has a significant impact on our role as an employer – we depend on having the best people in place, and keeping them motivated and engaged to successfully deliver our business strategy and goals.

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HIGHLIGHTS


71%

score in the Inclusive Meritocracy Index – our key measure of cultural change – up from 68% in 2015.


80%

employee population covered by our newly launched Employee Share Purchase Program.


38%

Allianz managers in our core business are women.



Launched LinkedIn Learning @ Allianz.

CHALLENGES



Engaging all Allianz employees globally in delivering the Renewal Agenda.



Seizing opportunities offered by data analytics and strategic workforce planning to make Allianz resilient in a rapidly changing industry.



Transforming the Human Resource (HR) functions across operating entities into one global HR function and deploying a state-of-the-art and harmonized IT system and processes.



Further improve Inclusive Meritocracy Index: We reached a challenging threshold, shown by a 1%pt decrease since 2017 after continuous improvement since 2015.

ATTRACTIVE EMPLOYER: 07.1 OUR APPROACH



At Allianz, we foster a working environment where both people and performance matter. We take a stance regarding gender equality and diversity in our company, and we care for the health and safety of our employees.

Defining our future workforce requirements in a fast-changing world is one of our key challenges. Which employees do we recruit? Which trainings do we offer? And which working environment, leadership styles, development and remuneration strategies will help us remain an 'Attractive Employer' going forward?

DELIVERING WHILE TRANSFORMING: CREATING ONE HR

We continue to focus on unifying our activities into One Global Allianz HR to ensure our structure is fit for the future. We are investing over 135 million Euro in the development of our HR function, taking a holistic view that considers processes, technology, people and organization. This transformation underpins our global business by delivering greater operational efficiency, improved insights and analytics, along with world-class HR services and solutions for our diverse workforce.

FAIR AND TRANSPARENT REWARD

In designing our remuneration and incentive structures to reward people in a fair and appropriate way, we use both monetary and non-monetary rewards to encourage sustainable value creation.

Our remuneration system provides a transparent, fair and integrated offering to attract, motivate and retain highly qualified employees. We continuously strive for market excellence by obtaining benchmarking information and ensuring employees are treated equally. We review compensation annually to ensure that Allianz's remuneration offering remains competitive in the relevant markets, taking into account individual performance as well as internal and external equity aspects. Our variable remuneration system aligns remuneration with the performance of the individual and the achievement of Allianz's financial and strategic goals. This 'pay for performance' culture allows us to operate effectively in different performance scenarios and business circumstances, while promoting risk control and avoiding inappropriate risk taking.

As part of the HR transformation, we evaluate and grade all jobs globally using one consistent methodology. Our aim is to bring greater transparency around job roles and capabilities across the global organization by establishing a common global language and understanding of roles. This will enable us to better tailor our HR programs and support individual career paths and personal development, as well as supporting strategic workforce planning, succession planning and learning initiatives. It also underpins fair and equal pay initiatives.

"People are our most important asset and preparing them for the future is a top priority, as the world around us is drastically changing. Organizations must be able to deal with rapid technological change, the increasing need for digitalization, new ways of working and the constant emergence of new skills and roles. With strategic workforce planning, we are laying the foundations to understand what skills and capabilities we need at Allianz in the future. With this baseline we will be able to upskill our employees by offering a variety of learning paths and focus on self-directed learning for our people globally. We have already started this with implementing LinkedIn Learning in January last year.

We have launched our new Employee Share Purchase Program as we are aiming to establish more of a shareholder culture among our employees and ultimately this is a means of sharing the 'digital dividend' with all employees.

What do all these initiatives have in common? They're about people – our own, but also those who will become a part of Allianz in the future, with people being at the heart of what we do."



Aylin Somersan-Coqui
Chief Human Resources Officer
Allianz SE

ATTRACTIVE EMPLOYER: 07.1 OUR APPROACH

BUILDING A CULTURE WHERE PEOPLE AND PERFORMANCE MATTER: INCLUSIVE MERITOCRACY

Inclusive Meritocracy is the term we use to describe a working environment where both people and performance matter. Our People Attributes are at the core of all our activities: Customer and Market Excellence, Collaborative Leadership, Entrepreneurship, and Trust. We live by these principles and implement them in our corporate culture. They impact all areas of HR management – from recruiting and strengthening our feedback culture to people development, promotion and reward.

CREATING A CULTURE OF LEADERSHIP

Multi Rater Feedback

We continue to embed the four People Attributes in our new standards for recruiting and onboarding and across our global performance management system. Launched in 2016, our innovative Multi Rater Feedback tool enables employees to gain feedback on their performance from their peers, direct reports, managers, and others. This provides valuable insights for both the employees and their line manager and a transparent basis for development. In 2018, the Multi Rater Feedback process took place for a third consecutive year and some 50 OEs participated. The number of employees receiving feedback has been continuously rising – from just over 1,000 in 2016 to nearly 9,000 in 2018. All Allianz executives and a large number of non-executives were assessed in 2018, each employee received feedback from 15 people on average with an overall completion rate of 85%.

Embedding Inclusive Meritocracy

Our annual Inclusive Meritocracy Index (IMIX) measures progress towards a desired culture where both people and performance matter. In 2018, we achieved a score of 71% (2017: 72%).

We broadened the Inclusive Meritocracy Virtual classroom beyond our executive population to include all employees. It is now being expanded so that new learning

journeys and content related to the Renewal Agenda are available to everyone. In 2018, the classroom was attended by close to 3,000 users.

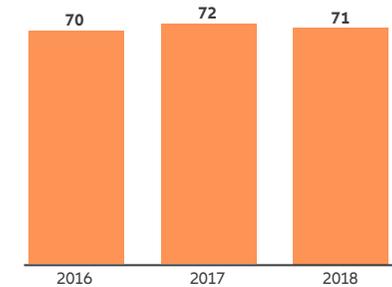
We encourage a positive attitude towards change and ensure that our People Attributes shape our corporate behavior in all relevant HR processes globally – from recruiting and talent management to learning and performance.

Our activities in 2018 included:

- Fostering collaboration across business lines and operational entities to eliminate silo-thinking, promote best practice sharing and implement agile project management tools.
- Increasing mobility of employees across functions, business divisions and countries.
- Addressing target behaviors and integrating the Allianz People Attributes into performance management and other HR processes such as recruitment and talent management.
- Promoting open and honest two-way communication and developing a stronger feedback culture, including piloting a new Feedback App.
- Scaling up skilling and capability-building by offering digital learning initiatives to prepare our employees for the impacts of digitalization.

EMBEDDING INCLUSIVE MERITOCRACY

INCLUSIVE MERITOCRACY INDEX (IMIX)



ATTRACTIVE EMPLOYER:

07.2 LEADING OUR PEOPLE INTO A DIGITAL FUTURE

Digitalization has already changed the way Allianz operates and it will do so even more in the future. The number of people working on repetitive and basic operational tasks is likely to decrease, while people working in areas that involve personal customer contact, such as providing advice and services, is likely to increase. We are actively preparing our workforce for these changes through upskilling opportunities that will help them to remain relevant in their current role as it evolves, or to be better qualified for some of the roles which will be growing or emerging. We are looking at these and other ways to help our employees to embrace and lead in this period of change.

STRATEGIC WORKFORCE PLANNING

Understanding what the transition to a more digital world means for our business and our people is a strategic priority. In 2017, we launched a pilot project to assess the future workforce impacts of digitalization. One key output was the identification of some 150 digital skills that a large part of our workforce would benefit from developing. They include five key cross-functional skills essential for the digital transformation organization-wide: Agile Methodology, Collaboration and Co-creation, Understanding of Digital Processes and Tools, Digital Customer Centricity, and Data Management. The development of these skills was a key driver of tailored LinkedIn Learning paths which were designed and launched during 2018.

Based on our experience so far, we launched another, deep-dive project to identify the specific roles and digital skills that we will need in the workforce, leading to the development of five-year strategic workforce plans. The results have been convincing and clearly demonstrate the imperative for digital upskilling as well as the opportunity to achieve a transformation while minimizing social and financial impacts. We are now using the digital skills defined in these projects in the development of upskilling and recruiting solutions. We are also expanding our strategic workforce planning projects in other operating entities and through self-service tools and building our internal capabilities in our HR teams.



CASE STUDY:

DIGITAL LEARNING: LINKEDIN LEARNING @ ALLIANZ



Our goal is to help people discover and develop the skills they need through a personalized, data-driven learning experience that will enable our employees to upskill themselves for the future. To increase its impact and efficiency, AllianzU is going digital. All employees now have access to LinkedIn Learning @ Allianz. This state-of-the-art online learning solution

will help leverage high quality learning content on digital skills and enrich it to meet our specific needs. The tool can be accessed by employees wherever they are in the world and training can be chosen depending on their interest or need. We have developed learning paths for different employee groups based on the outputs of our strategic workforce planning activity. This aims to define appropriate learning content and offer the flexibility for our employees to develop new, and enhance, their existing skills. Other digital education offerings include Time Warp, eBites and our Open Source Online Learning Library.

ATTRACTIVE EMPLOYER: 07.2 LEADING OUR PEOPLE INTO A DIGITAL FUTURE

DIGITAL SKILLS AND CAPABILITIES THROUGH LIFELONG LEARNING

As the global workplace and our business continues to evolve, those who work on developing their learning skills over the long term will be best prepared to respond to emerging trends and opportunities. To be equipped for the future – be it within or outside Allianz – people need to acquire or adapt their skills in line with the changing needs of the work place. In 2018, we invested over 88 million Euro annually in learning to support our employees in doing so. Going forward, we will focus our investment on promoting lifelong employability and digital skills.

We are committed to promoting lifelong learning to help our employees become fit for the future. Lifelong learning is a key part of our strategy for implementing technological and organizational restructuring measures in a way that is socially responsible. A systematic process will also improve quality and enhance the employability of people in the labor market.

We operate in a competitive employment market where there is a shortage of skilled employees in certain critical functions. It is therefore important that we focus on recruiting and training specialists in particular areas. Our Global Actuarial and Risk Development Program is aimed at senior actuaries and risk managers and our Property and Casualty Academy aims to strengthen underwriting and pricing capabilities throughout the Group. We also have programs to develop talent and leadership in areas such as finance, communications, market management, and operations.

INCENTIVIZING DIGITALIZATION

We want to motivate our employees to contribute to the Renewal Agenda and our digital transformation. In 2018, we launched our new Employee Share Purchase program (ESPP) – the “Digital dividend” – to encourage longer term and more sustainable investments from employees and give them the opportunity to play an active role in shaping the future of our company as employees and as shareholders. Employees can benefit directly from the dividends of digitalization and we aim to align employees’ interests with those of shareholders in long-term value creation by extending the holding period of shares to three years in all countries.

The “Digital dividend” was shared with employees globally through one market-competitive and attractive employee share purchase program covering 30 countries, in 21 languages, and centrally administered by a global provider. The ESPP is available to over 100,000 employees globally, 80% of the Allianz population. In the future, we will extend the share plan so that more employees can benefit from the success of our Renewal Agenda.

ATTRACTIVE EMPLOYER: 07.3 ALLIANZU

In the face of a rapidly changing world, ensuring our employees continuously develop the skills and knowledge they need for the future enables us to remain agile and responsive.

LEARNING AND DEVELOPMENT

So that our employees can develop themselves for the future, we provide an environment that encourages open feedback and lifelong learning. Allianz University (AllianzU) is our group-wide home for all learning activities. It offers easy access to learning technologies to empower Allianz employees to equip themselves with the right information at the right time. Its key purpose is to unite existing learning and development offerings and opportunities, create new learning content and frameworks and realize opportunities that reinforce a culture where both people and performance matter.

Our long-term success depends on fostering strong leadership skills at all levels. In addition to the strategic and functional programs already available, we are now developing a Leadership Academy to better align leadership development activities across the group and to support our Renewal Agenda and Inclusive Meritocracy ambitions.

We use a wide range of learning and development approaches to develop our people including on-the-job learning, mentoring and coaching, classroom training workshops, peer circles, and digital / mobile

learning. The vision of AllianzU is to provide every employee across the entire Group with the right development program to support their continuous development.

Performance and development reviews including Personal Development Plans (PDPs) are key tools in enabling individuals and managers to discuss competencies, skills, experience, performance and potential.

In 2018, we spent over 88 million Euro on learning, equivalent to 646 Euro per employee. About 70% of employees took part in at least one targeted training session and we delivered an average of three days of training per employee.

€88 mn

invested in learning in 2018.

Leading with people development

For the second year in succession, Allianz led the insurance sector for 'human capital development' with a score of 100% in the DJSI. This is based on the work of the AllianzU in improving and making use of the outcomes of learning evaluation.



ATTRACTIVE EMPLOYER:

07.4 PEOPLE ATTRACTION AND TALENT MANAGEMENT

ATTRACTING, DEVELOPING AND MANAGING TALENT

Allianz's digitalization is not only about technology and processes, it is largely founded on the right people and culture. This is why we have a two-fold people attraction and talent management strategy. On the one hand, we aim to recruit the best digital talent in the market and, on the other, we develop those employees who wish to grow to use digital technologies and adapt to evolving methods and new approaches.

Employer Branding

In these times of rapid digitalization, we no longer compete for talent against only our peers in the financial services industry, but against every company that needs digital skills and profiles. Changing online candidate behaviors and needs are driving increasingly candidate-centric online services. To maintain our position as a leading global employer, we are focused on enhancing the candidate experience using digital tools.

One Allianz Career Website – Instead of maintaining 40+ local and operating entity-specific career websites, we are bringing them into the One Allianz Group platform to simplify the IT landscape. The new website is an easy-to-use platform that displays all job opportunities available within our organization. It will provide a great user experience for candidates and also capitalize on the fact that we are a global company.

As more entities and countries migrate to the new website until 2020, more relevant local content will be visible for the respective potential applicants. It is now possible for candidates to switch between different countries and vacancies and, no matter where in the world candidates may be, they can view all available positions at Allianz.

Google Voice Assistant – One of the most daunting steps in the application process is the job interview. Now, with the Allianz interview simulation, available via Google Voice Assistant, applicants can prepare for the job interview by getting to know specific interview situations upfront. We can also use the Google Voice Assistant to attract target groups like data scientists by setting tailored challenges, which benefit both the applicant and our business. In 2018 Google Voice Assistant won the HR Excellence Award in the category Tech / Data.



Other technological innovations include our career chat-bot Allie, which helps potential candidates with the job search. It is available 24/7 and up to 75% of candidates consult the bot. Another new feature is an online business game, "Rise of drones", which enables potential applicants to find out how their decisions reflect and fit with Allianz's values.

Career development and mobility: Dare to grow

We understand career development is a combination of upward, lateral and on-the-job development in the current role. Additionally, we consider cross-functional, cross-company and cross-country mobility as valuable experience that drives career development. It enables talented employees who want to grow to gain different experiences and bring their skill sets to new challenges. To enable mobility and support career development, we have launched an internal Talent Brokerage function which supports business managers to fill open executive positions and projects beyond their own department or operating entity and provides opportunities for mobile executives who want to take a next career step. The global brokerage team holds career aspiration discussions and shares potentially suitable job openings with mobile candidates to support them in identifying potential next steps in their careers. Within the first six months, 62 mobile executives were matched to open positions and 12 executive positions were filled with talent from a different operating entity or country, saving external search costs.

LEADING WITH DIGITAL TALENT COMMUNICATIONS

The [Global Potential Park Ranking](#) evaluates employers' digital talent communications according to 300 criteria, listing the top 79 out of over 400 companies worldwide. In 2018, Allianz was awarded first place in the global ranking and the top spot in the sub-categories: Career Website, Online Application and Social Media.



Also in 2018, Allianz was again named one of top 25 companies where Germans like to work by LinkedIn. The yearly ranking is based on the interaction of LinkedIn users using an algorithm that singles out the employers doing best at attracting experts and managers.

ATTRACTIVE EMPLOYER: 07.5 DIVERSITY AND INCLUSION

We are proud of our diversity and believe it is fundamental to our success and innovation. Our global workforce includes people from many different nationalities and backgrounds – be it gender, ethnicity, age, religious belief, education, sexual orientation, disability or nationality³⁰.

We require a diverse workforce to provide the broad range of skills and experience with which we can respond to challenges and opportunities and meet our customers' needs. We therefore promote diversity and inclusion by empowering and developing people based on individual performance and demonstrated potential. We also have a long-standing Global Inclusion Council, which drives the success of our Diversity and Inclusion Strategy chaired by a Board Member of Allianz SE, Niran Peiris.

Consistent with our Code of Conduct, we have a zero tolerance policy for discrimination and harassment in the workplace. We actively train people on the topic of unconscious bias to raise awareness and educate them on what can be done to reduce the negative impact of bias in, for example, job interviews and performance reviews.

Allianz is proud to have LGBT (lesbian, gay, bisexual, and transgender) networks in several companies. We celebrate AllAbility

Day across the Group. Launched in 2017 in line with the UN International Day for Persons with Disabilities, it aims to foster awareness and recognize the efforts of the global Allianz community to advance inclusion of employees and customers with disabilities.

Leading on gender equality

We were listed in the 2018 Bloomberg Gender Equality Index in recognition of our strong commitment to gender diversity.

WOMEN IN LEADERSHIP

We have group-wide gender parity across our workforce and we continue in our efforts to reflect this at management levels by taking deliberate actions to support future female leaders. In 2018, women represented 51.2% of our core workforce (2017: 51.8%) and 37.8% of managers in our core business were female (2017: 37.6%). In Allianz SE and Allianz Germany, we have committed to achieve at least 20% in the first and 30% in the second tiers below the board of Management by end of 2021. Globally, our target for women in Boards of Management and in talent pools is 25% 40%, respectively, by the end of 2021. With the current growth rate, we believe that we will achieve our goals by 2021.

Specific initiatives aimed at achieving gender parity and equal opportunities in general include:

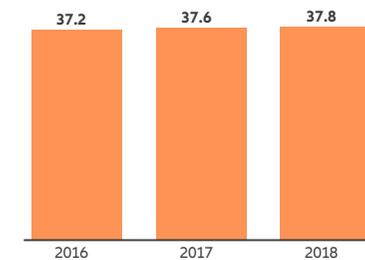
- the JET Program – our initiative to support non-executive women in driving their career development. Notably through fostering their mobility across the group;
- sponsorship and mentoring programs for women;
- creating greater opportunities for flexible working to better manage work-life balance, e.g. Allianz Suisse advertising all new roles with an 80% part-time option;
- creating awareness around the importance of gender balance for business, e.g. through gender sensitivity training for executives at Allianz Technology; and
- systematic analysis of policies and practices with regard to gender balance, like the EDGE certification at AllianzGI.

38%

of managers in our core business are female.

WOMEN IN LEADERSHIP

WOMEN IN MANAGEMENT ROLES
(% of managers in core business)



“Our business starts and ends with people.”



Niran Peiris

Member of the Board of Management, Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa Allianz SE

³⁰ Our workforce profile, including demographic indicators such as age and gender, is shown in section 10.5.

ATTRACTIVE EMPLOYER: 07.5 DIVERSITY AND INCLUSION

FOSTERING INCLUSION AND CELEBRATING DIFFERENCE

In addition to our focus on gender balance, we support a large number of initiatives designed to raise awareness, spark dialog and celebrate our diverse workforce.

- Many Allianz entities run annual Diversity Days, dedicating one or more days to creating dialog and emphasizing our commitment to diversity.
- AGCS, Allianz UK, Allianz Technology, Allianz Germany and Allianz France have joined the global Dive In Festival – the insurance industry diversity and inclusion event – as official sponsor and host of several round tables and keynote speeches.
- AGCS has created an employee page dedicated to highlighting employees' experiences with career development and flexible working.

- Allianz France formally signed the Charter of LGBT commitment and held a conference on LGBT workplace inclusion to raise awareness among employees.
- Allianz Australia and Allianz UK have initiated their LGBT employee networks and joined the global Allianz Pride community for LGBT inclusion.
- Many entities celebrated the annual ALLAbility Day to foster the inclusion for people with a disability.

As well as providing an inclusive environment for our employees, we encourage inclusivity in the world of sport. We have partnered with the International Paralympic Committee (IPC) since 2006. Our long-running global partnership helps to increase awareness and popularity of sports for people living with an impairment.

EMPLOYEE RIGHTS

We actively support employee rights and strive to apply core human rights principles based on the United Nations Universal Declaration of Human Rights throughout our organization. As a participant of the United Nations Global Compact, we have integrated its 10 principles into our globally binding Code of Conduct. We also respect the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and we are a signatory to the International Labor Organization (ILO) Declaration on Fundamental Rights and Principles at Work, including the ILO declaration on the freedom of association and the right to collective bargaining. To support employee rights, we were one of the first companies to create pan-European worker participation standards and to establish a European SE Works Council under the legislation for Societas Europaea companies.



ATTRACTIVE EMPLOYER: 07.6 EMPLOYEE ENGAGEMENT

An engaged workforce performs better, is more committed and delivers a strong customer focus, so we make employee engagement a high priority. Over the past eight years, the Allianz Engagement Survey has become our main employee feedback platform for gathering feedback and promoting a high-performance culture.

EMPLOYEE ENGAGEMENT INDEX

We use the Employee Engagement Index (EEI) to monitor employee satisfaction, loyalty, advocacy and pride within their organizations. In 2018, 121,913 employees from more than 50 Allianz companies worldwide were invited to take part in the survey, with a response rate of 81% (2017: 84%).

Our 2018 Employee Engagement Index score was 70%. We are pleased with this score given the pace of organizational change, which tends to impact employee engagement.

ALLIANZ ENGAGEMENT SURVEY

We encourage managers and employees to discuss the results of the Allianz Engagement Survey (AES) within their teams and to agree actions to address areas for improvement. Results are also directly linked to the performance objectives of the Group's Board of Management.

Reflecting our commitment to building a culture of Inclusive Meritocracy, where open and honest feedback and communication is the norm, results are shared with all eligible managers via a dashboard within 72 business hours of the survey closing. Results are also shared publicly on our intranet. Allianz SE publishes the AES results for all its Group Center divisions on the local intranet.

81%

employees participated in our 2018 employee survey.

Key learnings from our 2018 survey include:

- Our strengths as a group still lie in our peoples' belief in diversity and inclusion, integrity and responsibility (dimension score of 83%), customer satisfaction (84%) and satisfaction with direct line management (80%).
- 84% of our employees (+2%pt above external Best-In-Class benchmark) see customer satisfaction as a high priority, which shows that we are progressing well with our change journey and towards a truly customer-centric culture.
- However, only 52% (-1%pt) of employees feel that new ideas and ways of doing things are implemented quickly and, while there is an awareness to listen to our customers, we need to become faster in our response.
- Employee perception of collaboration and communication, one of our key focus areas last year, decreased slightly by 1%pt, mirroring a slightly negative trend across all questions in the AES.
- Fostering an innovative and entrepreneurial culture and empowering our employees in their daily work will be one of our key focus areas in the upcoming years. Each operating entity is now developing its own measures based on their specific survey results and focus areas.

ACTING ON EMPLOYEE FEEDBACK

In 2017, Allianz SE launched VOICE – an initiative designed to give bottom-up impetus to the cultural change journey and to empower employees to develop pragmatic, implementable solutions to issues identified through the AES.

In 2018, we continued with successful ideas like Simplithon – a hackathon format for innovating to simplify, fireside chats and open doors with HR heads, and HR roadshows aimed at making information more transparent to employees. Mentored by four Board Members, this year's team discussed 163 ideas received from employees across Allianz SE around the topic 'of enhancing productivity'.

ATTRACTIVE EMPLOYER: 07.6 EMPLOYEE ENGAGEMENT

Four new initiatives were developed and implemented:

- **Appraisal** – an app for recognizing employees across hierarchies.
- **Innovation Journey** – design thinking workshops that aim to develop solutions to concrete business problems identified by employees.
- **Care2Share** – an initiative to enhance trust between employees and managers. Free coffee and ice-cream vouchers were provided which employees could use for a personal exchange with their managers or even managers of managers.
- **Spotlight on Employees** – a video series featuring individual board members and employees who were nominated by their peers to discuss the topic 'making recognition a culture'.

ENGAGING WITH EMPLOYEE REPRESENTATIVES: SOCIAL DIALOG 2.0

We engage closely with employee representatives to ensure that we successfully implement change and support our employees to manage impacts and opportunities. Social Dialog was established as a pan-European forum in 2007. Given the progress of our Renewal Agenda and the increased pace of change due to factors such as the digital revolution, since 2017 we have increased the frequency of meetings from twice to four times a year. Meetings will follow a more interactive format, including sessions with external guest speakers to provide input on current research and bring all members of the Social Dialog to the same level of knowledge. We extended meetings to include global representatives from Allianz Partners, AGCS and Allianz Technology, among others.

The main focus areas of the Social Dialog 2.0 going forward will be:

Working in changing times – looking at how the working environment is developing to inspire innovation and serve as a starting point for discussion around change initiatives. Exemplary focus topics will include organization of work, changing requirements of leadership, and use and development of corporate social media.

Following up on existing agreements – with focus topics including lifelong learning, stress policy and the Allianz Joint Declaration on Telework.

Social Impact Management – considering the impact of current and planned strategic initiatives on employees, including the implications of new ways of working and employee representation in global structures.

With this changed setting and scope, the Social Dialog will offer a unique platform for Allianz and its employee representatives to work together in a positive way to shape the future of Allianz for all its employees worldwide.

HEALTH AND WELLBEING

The health and wellbeing of our people directly impacts on our business success. We aim to provide a productive and health-promoting workplace to enable our employees to prioritize health and avoid stress.

Activities to promote health and wellbeing take place in nearly all companies and are managed at country level, in line with local customs and requirements. The Allianz Operating Model that is implemented across the Group ensures the HR function of each subsidiary applies the same high standard of local health and safety management.

Tackling work-related stress

Stress is one of the major health-related challenges facing today's workforce and it is particularly prevalent in service oriented, desk-based jobs. We have signed a pan-European agreement on guidelines concerning work-related stress. These apply to all Allianz companies in the E.U. member states, the contracting states of the European Economic Area and Switzerland.

Flexible working in terms of location and hours, including part-time jobs at all levels, is one of the ways we help employees manage work-related stress and work-life balance. It also supports employee engagement and motivation. Where it is possible for the business and the individual, we support flexible working including Telework on a regular basis and mobile working for less regular occasions.

Allianz SE's management and the (European) SE Works Council have signed a Joint Declaration on telework which guarantees an effective operation of telework and serves as good practice guidance for Allianz companies deploying telework.

ATTRACTIVE EMPLOYER:

07.7 EMPLOYEE HEALTH & WORK WELL

Work well

Our global Work Well Program focuses on systematically analyzing root causes of work-related stress, identifying effective solutions and making changes to the work environment that enable our employees to realize their full potential. To track the program's impact, we have developed our Work Well index (WWi®), a scientifically validated tool that measures work-related psychosocial stress.

The WWi was introduced in 2015. It is based on 10 equally weighted metrics including demands, rewards, control, support and social capital, where a higher index score is associated with better employee health and productivity. The measure can also be used to provide a deep-dive analysis of specific loads that drive work-related stress. Many of our entities have also established their own additional ambitious measures to counter work-related stress.

As part of the program, the Allianz Board of Management approved ten minimum actions that have been implemented over the past few years in the largest 50 companies. These actions include, for example:

- top-down communications to break the stigma of work-related stress;
- 24/7 assistance hotlines for employees;
- flexible working arrangements; and
- e-learning and classroom seminars to help managers understand and address stress with their team members.

Program implementation is driven by a centrally located team of specialists who support a broad network of representatives across respective entities, including HR and senior business executives.

In 2018, our Work Well Index remained on a stable level of 66% (2017: 66%, 2016: 64%).

20

out of 56 operating entities increased their Work Well Index score in 2018.

WORK WELL AWARD

In 2018, we presented the first ever Work Well award – launched to drive a systematic and sustainable approach for employee health. The award is based on three criteria:

- improvement of the Work Well index over the last 3 years;
- systematic approach including analysis, targets, indicators and evaluation; and
- capability maturity model – a self-rated tool introduced to help OEs measure the organizational set-up including resources and structure, quality of actions and their perceived impact on employee well-being.

Allianz Spain was the first entity to be awarded the new prize.

ATTRACTIVE EMPLOYER:

Looking ahead



We will continue to identify and act to fill gaps in the skill sets of our employees as we transition to a digital future.



We will bring all health-related activities under one global umbrella to create a network of experts who will share best practices and develop common strategies to improve safety, health and wellbeing of our employees.



We aim to create an environment that has the experience and diversity of our employees at its heart, including dedicated measures to raise awareness on the impact of leadership behaviors.

08

OUR ROLE AS A

COMMITTED
CORPORATE CITIZEN

We believe social inclusion is one of the most important challenges facing society. According to the World Economic Forum's Annual Global Risk Report³¹, profound social instability due to unrest in communities is a growing global risk. This highlights the importance having social inclusion as part of our Corporate Responsibility Strategy.

HIGHLIGHTS

**€25.8 mn**

corporate giving (2017: 20.0 million Euro).

**€300,000**

raised for SOS Children's Villages in third Allianz World Run.

~€400,000

invested since 2017 across 14 countries to support education, training and employability of youth through our Social Innovation Fund.



Expanded Encouraging Future Generations Program with the Allianz Social Innovation Fund and Allianz Future Generations Award.

CHALLENGES



Scaling up our positive societal impact across all operating countries.



Breaking down barriers facing children and young people around the world.



Creating and encouraging an enabling environment for social ventures.



Creating a link between our corporate citizenship activities and our business activities.

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³¹ <https://www.weforum.org/reports/the-global-risks-report-2018>.

COMMITTED CORPORATE CITIZEN: 08.1 OUR APPROACH



Our Social Inclusion Strategy provides a group-wide focus for our corporate citizenship activities. We recognize that each country has different social priorities and we encourage local operations to build on our strategy and diversify their approach.

Encouraging Future Generations

Encouraging Future Generations is our Social Inclusion program that is focused on driving change by providing opportunities to young people around the globe, hand-in-hand with our employees.

The Program gives Allianz the opportunity to invest in one of the most vulnerable groups, and the group that holds society's future potential – today's young people. It provides a framework and focus to scale up our social contribution and promotes opportunities for our employees to contribute their time and expertise to support future generations.

In 2018, we committed to focus our efforts in support of UN SDG 8 – Decent Work and Economic Growth. We incorporated one of the SDG targets into our own KPIs; through Encouraging Future Generations, we are aiming to increase our reach to children and youth by 20% by 2020 (baseline 2018).

How we contribute

We support initiatives through global partnerships, financial contributions, sharing our expertise and by encouraging our 140,000 skilled employees to volunteer their time. In this way, our employees have the opportunity to develop their skills and our stakeholders benefit from our expertise in their field of need, promoting community cohesion and trust in our business. Other activities include awareness campaigns, dialogs, training, awards, social partnerships and sponsoring, fundraising, donations and the initiatives of our corporate foundations.

MEASURING OUR REACH

Measuring and communicating the reach of our corporate citizenship activities on society is important so that we can be confident that we are achieving the right outcomes, in the right areas. We want to know that the investments we make are reaching the children and youth they are meant to benefit. As our Corporate Citizenship Strategy primarily contributes to SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth), we also want to know how much of our investment is diverted to training, education and improving employability.

In 2018, we broadened our group-wide approach to measuring the progress of our programs against our Corporate Citizenship Strategy. The Group ESG Board has the responsibility for overseeing this progress and is informed regularly of the results we achieve.

Our ambition is to increase our reach among children and youth by 20% by 2020³².

“Around the world, social instability is growing and the risk to the insurance industry is significant. We are making it our business to help increase social inclusion, particularly among the world’s children and youth. It is a commitment that sits at the heart of our role as a Committed Corporate Citizen, and it is driving our contribution to the Sustainable Development Goals.”



Sabia Schwarzer

Head of Group Communications and Corporate Responsibility
Allianz SE

³² Baseline 2018.

COMMITTED CORPORATE CITIZEN:

08.2 ENCOURAGING FUTURE GENERATIONS

Allianz makes it its business to look ahead at what the future holds. We see children and youth as the future and we invest in them as the leaders of tomorrow.

As a Committed Corporate Citizen, we see it as our responsibility to foster an environment for society to succeed. Investment is key, but transformational change requires partnership and collaboration between businesses and stakeholders. We are a signatory of the UN Global Compact (UNGC) and our support for the SDGs drives us to contribute beyond the boundaries of our own business and value chain.

Launched in 2016, our Encouraging Future Generations Program aims to break down barriers facing children and young people and invest in social ventures to increase their impact and create a multiplying effect.

In 2018, we took a step further when we committed to increase our reach to children and youth by 20% by 2020 (baseline 2018) through our Corporate Citizenship Strategy. Encouraging Future Generations is our key tool for contributing to the UN SDGs to help eradicate poverty, provide quality education, tackle social inequality and create decent work and economic growth.

OUR ENCOURAGING FUTURE GENERATIONS STRATEGIC OBJECTIVES:

- Using our expertise to contribute positively to social inclusion in humanitarian, inter-cultural and economic areas.
- Caring about one of the most vulnerable groups, children and young people, so that they can grow with confidence.
- Increase number of children and youth in education, training and employability by 2020³³.
- Reasoning about the social needs of future generations in an open dialog and create innovative solutions.
- Fostering strategic partnerships and engagement using innovative formats.
- Measuring our impact on business and society.
- Promoting Allianz as a trustworthy company by creating visibility for our projects and our social responsibility.

The program focuses on three key areas:

- Our **global partnership with SOS Children's Villages International** aims to build more resilient future generations.
- The **Allianz Social Innovation Fund** builds on existing social initiatives developed by our operating entities as well as offering a framework for new projects.
- The **Allianz Future Generations Award** encourages and recognizes social ventures.



³³ Baseline 2018.

COMMITTED CORPORATE CITIZEN: 08.2 ENCOURAGING FUTURE GENERATIONS

GLOBAL PARTNERSHIP WITH SOS CHILDREN'S VILLAGES INTERNATIONAL

We launched our global partnership with SOS Children's Villages International (SOS-CVI) in 2015. SOS-CVI is the largest non-governmental organization (NGO) supporting children without parental care and families at risk. Together, we are focused on supporting children and young people and building resilient future generations.

Our partnership concentrates on two key areas:

Youth employability: By mobilizing employees, activating networks and providing expertise, we aim to increase youth employability and support disadvantaged young people. To amplify our role, we joined the YouthCan! initiative in 2017 – a global program that supports children and young people to successfully manage the transition from school to independent adulthood. Through YouthCan!, SOS-CVI and partners jointly create uplifting and inspiring opportunities to provide young people with practical experiences, skills and knowledge. As of 2018, we have YouthCan! partnerships in Colombia, Indonesia, Madagascar and Argentina and aim to expand over the coming years.

Emergency preparedness: With the support of Allianz, the Emergency Preparedness Program (EPREP) of SOS-CVI aims to combine cutting-edge technology, practical

information and a network of trusted local stakeholders to minimize weather- and conflict-related risks for local communities. One of the aims is to turn SOS Children's Villages facilities into safe emergency hubs for local communities in the event of a disaster.

In 2017, we funded the EPREP pilot and rolled out in ten SOS Children's Villages in high-risk regions across the globe. Our aim is to enable and equip SOS Children's Villages

to act as initial 'hubs' for emergency response within their surrounding communities, providing sufficient materials for at least a week after a disaster strikes until additional support arrives in the area. In 2018, we funded the further roll-out of EPREP to include SOS Children's Villages in Sri Lanka and Florida. We also provided funds for two Education in Emergencies projects in Italy and Brazil and two Emergency Response Programs in Chad and Central African Republic.

In addition to global activities, Allianz and SOS Children's Villages further strengthened local partnerships around the globe with Madagascar as the newest addition. By 2021, our goal is to have partnerships in 31 countries. Many of our local partnerships include engagement opportunities for Allianz employees, such as training SOS staff and children on safety, cyber security, financial literacy, job orientation, supporting renovations and fundraising events.



CASE STUDY:

ONLINE MENTORING PILOT PROGRAM



In 2018, we conducted an Online Mentoring Pilot involving young people from SOS Children's Villages in Peru and Nigeria. 36 young people benefited from the expertise of 36 dedicated Allianz mentors who spent more than 150 hours mentoring the young people in 1:1 digital sessions. Both mentors and mentees rated YouthLinks Online Mentoring exceptionally high in terms of skills enhancement and volunteering for impact. In the overall evaluation including participating partner companies, mentees rated their job search skills after the mentoring at 4.5 out of 5, while mentors rated the improvement of their intercultural skills at 4.2 out of 5.

“ My online mentor enabled me to discover a better version of myself. The self-confidence and knowledge I gained helped me to perform excellently in my job interview.”

David, Online Mentee – 22, Nigeria.

“ This program really makes you reflect on all the knowledge, skills and experience you have. Thanks to my employer and Volunteer Vision for giving me this opportunity to change someone's life.”

Gavin, Online Mentor – 45, UK.

COMMITTED CORPORATE CITIZEN: 08.2 ENCOURAGING FUTURE GENERATIONS

USING TECHNOLOGY TO IMPROVE DISASTER RISK MANAGEMENT

In 2018, Allianz continued to support the roll-out of the innovative global SOS Disaster Risk Management System, designed to improve preparedness and response operations across SOS Children's Villages. The system sets a new milestone in translating early warning into early action. It uses satellite-based early warning and damage mapping services, incident reports and emergency maps linked to an online emergency management platform named Resilience360 (R360), originally developed by DHL. Being the first global humanitarian organization to use it, we have been supporting SOS-CVI to adapt the system to meet its specific needs. The platform has now been implemented across several national and regional SOS offices, with the aim to expand the reach to even more vulnerable countries running SOS programs.

CASE STUDY:

THE ALLIANZ WORLD RUN



For the past three years, SOS CVI has been the beneficiary of the Allianz World Run, a global volunteering and fundraising event. In the last three years, a total of 1.4 million Euro was donated, benefiting 26 countries.

In 2018, runners worldwide completed the third Allianz World Run. 9,590 runners from 123 countries took part to raise funds for a project in their continent. Together, they ran a total of 1,065,204 km, raising 300,000 Euro for SOS CVI. The money will be used to benefit some 3,200 children and young people by enabling SOS Children's Villages to implement Emergency Preparedness Programs in North America and South-East Asia, Emergency Relief Programs in Africa, as well as Education in Emergency Programs in South America and Europe.

In **Chad**, Africa, the project aims to reach vulnerable people, including refugee children from the Central African Republic. It will build the capacity of SOS CV Chad to be able to respond in emergency situations and become a player in the humanitarian field. A 12-month emergency intervention program will focus on child protection and

education in emergency in the refugee camp of Amboko, including a safe, child-friendly space for 200 children to receive psychological support and education and 1,000 school kits.

In **Italy**, the project will support unaccompanied and separated refugee children and local young people, providing courses such as bike repair and bee keeping to build their confidence and capabilities and to provide opportunities for self-employment.

In **Brazil**, we are reaching 500 vulnerable Venezuelan children, teenagers, young people and adults living in communities near the Venezuelan-Brazilian border. The project is focused on furthering the educational development of these young people and providing opportunities through Portuguese language workshops, formal education, training and thematic activities.

In **Sri Lanka**, emergency preparedness activities aim to mitigate some of the risks of environmental hazards in the Villages of Anuradhapur and Nuwara Eliya, where there is significant risk of flooding, mud slides and drought.

In **Florida**, which is vulnerable to storms and flooding, the project will strengthen the SOS CV's preparedness for such incidents.

“Every runner made a real difference in the lives of the children in the SOS programs that were supported.”

Norbert Meder
CEO
SOS Children's Villages

“As a company that cares about the communities we live in, we have a sincere interest in promoting physical activity to improve general fitness and health. The Allianz World Run has proven to be an engaging way to work as a team and achieve this. Our colleagues showed commitment and endurance, running for a good cause. We now encourage all runners – from professionals to casual joggers – to join us.”

Oliver Bäte
Chairman of the Board of Management
Allianz SE

COMMITTED CORPORATE CITIZEN:

08.2 ENCOURAGING FUTURE GENERATIONS

ALLIANZ SOCIAL INNOVATION FUND

We launched the Allianz Social Innovation Fund in April 2017 to foster innovation and creativity and support our operating entities in delivering Encouraging Future Generations programs in their communities.

Operating entities can apply to win funding for impact-oriented social projects that contribute to child and youth development. In 2018, we aligned the focus of the award with our SDG 8 objective; increasing the number of children and youth in education, training and employment. We also added a category to encourage the development of partnerships with SOS–CVI around the world.

We received 25 applications from 22 countries, out of which 60% were from new countries. Entries reflected the diverse challenges facing local communities. Five projects stood out for their focus on education, training and employment, along with employee engagement and a long-term partnership approach. These projects each received an award of 20,000 Euro. Additionally, four SOS–CVI partnership proposals were granted 10,000 Euro to enhance their partnerships promoting employability.

2018 Innovation Fund winners

Allianz Brazil: Digital center for children and adolescents

In partner with ABA Foundation, Allianz Brazil aims to promote digital literacy in Sao Paulo. With a target audience aged five and above and into adolescence, children learn program logics while they play with dynamic software.

Allianz Ghana: Allianz creates through waste

This project will see plastic waste that is currently endangering Ghana's beaches recycled and used initially to transform a pilot school's play yard. Later, the aim is to generate an income for activities at the pilot school, with Allianz employees supporting and focusing on environmental awareness.

Allianz Germany: GORILLA Health promotion and education program

GORILLA is an international health promotion and education program for young people between the age of nine and 25. Its aim is to raise awareness of and encourage more exercise through freestyle sports, balanced nutrition and sustainable consumption.

Allianz Life Indonesia: Organic aquaculture entrepreneurship program for youth

Allianz Indonesia plans to establish organic aquaculture – organically farming marine species – to generate employment for young people and create a sustainable revenue model to further develop future opportunities.

Allianz Italy: Impariamo dall'eccellenza (Learning from Excellence)

Through its charitable foundation, Allianz Italy has been providing employment opportunities for young people for over a decade. This project will provide opportunities in hospitality and use employee skills to further engage and develop youth to participate in the program.

Winning 2018 SOS CV Partnerships

Allianz Argentina: Building a future for adolescents and youth in Argentina

YouthCan! is a framework that brings together companies and NGOs to share their expertise, networks and experience to create new avenues and opportunities for young people. Programs are designed locally and the main focus in Argentina will be soft and technical skills training, job orientation and early work experience.

Allianz Madagascar: Educational and professional mentoring of young people

This project between Allianz and SOS–CV Madagascar aims to help smooth the transition from education to employment for young people by providing meaningful work experience that benefits youth and local businesses.

Allianz Poland: Multimedia workplace – equal opportunities for children from underserved communities

The partnership in Poland is focused on equalizing health and educational differences among disadvantaged children and young people involved in the Family Strengthening Program in Lublin. The aim is to prepare them for the future so that they can focus on having fulfilling jobs.

Allianz Portugal: Aldeias SOS, Allianz with Children

This project targets young people who are either finishing their academic education and preparing to enter the professional workplace or who have had professional experience as an intern or employee and are independent but still live in the 'autonomy apartments' of Aldeias de Crianças SOS–CV.

COMMITTED CORPORATE CITIZEN: 08.2 ENCOURAGING FUTURE GENERATIONS

AWARDS:

The project has gone on to win a number of awards, including the 2017 Human Rights Business Award (from the Australian Human Rights Commission) the 2017 Cross-Cultural Management Award (from the Australian Human Resources Institute) and it was a finalist in the 2017 Business Inclusion Award (from the Migration Council).

CASE STUDY:

ALLIANZ AUSTRALIA – WINNER OF THE 2017 ALLIANZ SOCIAL INNOVATION FUND

The Allianz Ladder is part of our partnership with Settlement Services International (SSI) that includes Education Scholarships and the Sustainable Employment Program, for which Allianz was awarded the Human Rights Business Award in 2017. In 2018, the project continued to assist refugee youth transition into the Australian workforce by helping them find meaningful employment. Allianz Ladder engages young refugees in a program of development, mentoring and innovation sessions that help them develop foundational business skills such as problem solving, entrepreneurialism, communication and teamwork. It seeks to support young people making the transition from study to employment. Selected participants progress into the Allianz Sustainable Employment Program which, to date, has provide

ALLIANZ FUTURE GENERATIONS AWARD

Studies show that Millennials today want meaningful employment; they value a sense of purpose / impact on society when making decisions about their careers³⁴. Allianz is



permanent employment to 24 refugees, along with almost 100 educational scholarships and a refugee youth pre-employment pathway that is being used as a template with other organizations.

“What a privilege it is to support the Allianz-SSI partnership which gives these amazing people access to opportunities so they can fulfill their career goals. Through our refugee employment programs I have seen first-hand the talent and potential that they bring to the workforce.”

Richard Feledy
Allianz Managing Director

committed to empowering those who want their businesses to deliver a societal impact.

We do this by giving them a chance to learn about developing and running a successful business and attracting investment.

Launched in November 2017, the Investment Ready Program ‘Encouraging Future Generations’, developed by Allianz and the Impact Hub, is a powerful acceleration program tailored to enable purpose-driven entrepreneurs that aim to foster social inclusion of children and youth. The Investment Ready Program engages successful applicants and links them with Allianz mentors and experts. The support it provides is valued at around 20,000 Euro for each social venture, in addition to invaluable networking and experience which money cannot buy. Key outcomes of the program for participants include reviewing their business models and strategy and help to craft a sustainable growth and investment plan.

In 2018, the first cycle of the program received 100 applications and 10 social ventures were selected from across Brazil, Germany, Malaysia, and Turkey to receive mentoring and the opportunity to win a 40,000 Euro grant to scale up their business. Under the Investment Ready Program, finalists had the opportunity to go through rigorous training to make their businesses investment-ready.

³⁴ <https://www.weforum.org/agenda/2017/09/heres-what-millennials-really-want-from-business>.

COMMITTED CORPORATE CITIZEN: 08.2 ENCOURAGING FUTURE GENERATIONS

ALLIANZ FUTURE GENERATIONS AWARD

Social game changers selected for the 2018 program:

Volunteer Vision, Germany –

The digital gateway for employees to become mentors for young disadvantaged people.

Kind in Diagnostik (KiD), Germany –

An expert institution for child trauma diagnostics and treatment, and forerunner in youth welfare.

Reflect, Turkey –

Transforming fashion into a driver of creativity and social impact for vulnerable communities, including children and youth.

Binyaprak, Turkey –

A digital marketplace for young women to find role models, career building events and networks.

Scode (Code World), Turkey –

Teaching young people how to code via story-telling.

Carlotas, Brazil and Germany –

Developing social and emotional skills like empathy, fairness and respect through a program based on playfulness and art.

Verbem, Brazil –

Offering a solution to vision-related school dropouts by democratizing access to eyeglasses.

Amandla Edufootball, Germany and South Africa –

Using football to educate and empower vulnerable youth.

ANB Agro, Malaysia –

Providing livelihoods to poor single mothers and disabled youth via agriculture and cottage industry.

The Picha Project, Malaysia –

Social enterprise that empowers refugees in Malaysia through a food delivery and catering business.

In the first year, over 25 events and workshops were attended by more than 600 participants. Together, ventures received over 550 hours of support from experts, including Allianz coaches and employees.

During the course of the program, four ventures successfully secured additional external investment totaling 700,000 Euro. Five ventures established partnerships with Allianz operating entities and, in total, 24 new jobs were created. Across all ventures, there was a 26% increase³⁵ in children and youth that were reached.



You can read more about the successful ventures online [here](#).

³⁵ This result refers to the period from January to July 2018. The numbers are not related to the Group's ambition of the Encouraging Future Generations Program, but only to the Allianz Future Generations Award.

COMMITTED CORPORATE CITIZEN: 08.2 ENCOURAGING FUTURE GENERATIONS

CASE STUDY:

WINNER OF THE 2018 ALLIANZ FUTURE GENERATIONS AWARD: THE PICHA PROJECT

The Picha Project from Malaysia received the very first Allianz Future Generations Award of 40,000 Euro. It is a social enterprise that empowers refugees in Malaysia to generate an income stream through food delivery and catering businesses.

When Kim Lim, Swee Lin and Suzanne Ling were language and music tutors in a refugee shelter in Malaysia, they couldn't help but notice the mouth-watering aromas that wafted around as refugees cooked their meals. The three saw an opportunity to give these families an income stream by enabling them to develop a catering business and The Picha Project was born. Today, it generates income for over a dozen families from Myanmar, Yemen, Syria and Ethiopia, taking up catering orders for up to 300 guests. Thanks to the project, these refugee families

can now afford to send their children to school.

“We joined the Investment Ready Program to gain exposure and knowledge for the business. Our hearts are so full because this win means we can have more families involved in The Picha Project. And to be globally recognized for a cause we are fighting for is just incredible. It just proves that it is possible to do good in a sustainable way.”

Kim Lim

Co-founder of [The Picha Project](#).



As the award program enters its second cycle, it now on-boards social ventures from Germany, Greece, Indonesia and Spain. To apply for the Investment Ready Program, initiatives must be incorporated in one of these countries and aims to tackle issues with children and youth in education, training and employability.

Applicants must meet some basic requirements:

- the technology, product or solution must be proven feasible;
- some initial market validation in terms of price testing, customer development and trial licensing should have delivered positive results; and
- the product or solution must be scalable.

A grand finale in 2019 will see the successful teams pitch their ideas to a jury with the winner receiving the annual Allianz Future Generations Award, which comes with a 40,000 Euro grant.

TECH4 IMPACT FUND

With support from the European Commission, Allianz partnered with Phineo to conduct a feasibility study and develop an investment strategy and pre-marketing materials for the 'tech4impact fund' initiative. The overarching goal is to improve the impact orientation of the current tech startup and business angel ecosystem in Austria, Germany and Switzerland and to encourage 'tech4good' entrepreneurship. To this end, the tech4impact fund aims to provide impact oriented-seed-stage funding and impact management support to purpose driven entrepreneurs who deploy scalable, technology-based solutions to societal challenges, thereby helping the impact investing market thrive and enabling fund investors to assume social responsibility in an entrepreneurial way. The E.U. project duration has been extended until December 2018.



COMMITTED CORPORATE CITIZEN:

08.3 CORPORATE VOLUNTEERING

Our commitment to society is an act of collaboration with our employees around the globe. The Encouraging Future Generations Program provides diverse opportunities for volunteering, and encourages employees to actively participate throughout the year.

We encourage our employees to volunteer, in order to share our collective financial and business skills and assist charitable organizations. In 2018, Allianz employees completed more than 77,200 hours of corporate volunteering around the world. 78% (no change to the previous year) of employees that took part in the Allianz Engagement Survey agreed to the following statement: "My company shows a high responsibility towards society and the environment and offers appropriate opportunities for me to get involved".

Investment Ready Program

During the Investment Ready Program (see page 76), social ventures received extensive coaching and mentoring from Allianz employees in many countries.

"In the course of the Investment Ready Program, I supported the social start-up, Volunteer Vision. They work with NGOs and profit companies to support employees of companies to engage in social projects with NGOs. It was very surprising for me to see the high degree of professionalism of this start-up and the complex environment. In order to receive funds from social investors, the start-up had to establish a non-profit corporation (gGmbH), however, it was not allowed to make profits. It also had employees that needed to be paid. I helped them structure the tasks that result from this environment, prioritize and assign these and build a communication plan. I learnt a lot about starting a company in general, and a social company in particular. I would recommend to everyone who has the chance to take part in the Investment Ready Program and become a coach or a mentor. Firstly, it is a mutual process of learning and secondly, you can really make an impact."



Kristina Bartel
Allianz Consulting

MY FINANCE COACH

We are a founding member and parent company of My Finance Coach (MFC), a non-profit initiative that aims to improve financial literacy among 10 to 16 year-olds. Since its launch in 2010, MFC has reached over 1,600,000 pupils all over Germany. In 2018, Allianz continued to provide financial support and office facilities, and was a member of the advisory council. 412 Allianz employees volunteered their time to support the program, bringing the total to 2,677 employees who have volunteered in the program by the end of 2018.

COMMITTED CORPORATE CITIZEN:

08.4 CORPORATE GIVING

CORPORATE GIVING

We give money to support social initiatives through financial donations and charitable memberships, as well as through our global network of foundations. We ensure our contributions are transparent and based on clearly agreed principles – namely the Allianz Group Guidance for Donations and Charitable Memberships. This stipulates that corporate giving can only be made to organizations that are not in conflict with the principles set out in the Allianz Code of Conduct for Business Ethics and Compliance.

Our operating entities worldwide give financial donations and charitable memberships to local organizations, and we also give through our 13 charitable foundations. Our Guidance on Donations and Charitable Memberships stipulates that such money can only be given by local entities to organizations that are not in conflict with the principles set out in the Allianz Code of Conduct for Business Ethics and Compliance.

In 2018, corporate giving of Allianz entities and foundations totaled 25.8 million Euro

(2017: 20.0 million Euro). Given the nature of our business, this included support for disaster management.

Our 13 foundations enable us to extend our reach to tackle social, environmental and cultural issues in communities around the world. Operating independently from the company, they are linked to Allianz subsidiaries all over the world.

€25.8 mn

corporate giving in 2018.

ALLIANZ GROUP CHARITABLE FOUNDATIONS

United States of America

- Allianz Foundation for North America
- PIMCO Foundation

United Kingdom

- Petplan Charitable Trust

Germany

- Allianz Direct Help Foundation
- Allianz Cultural Foundation
- Allianz Environmental Foundation
- Allianz for Children and Youth
- My Finance Coach Foundation (non-profit limited company)
- OLB Foundation³⁶

Czech Republic

- Allianz Nadacni Fond

France

- Fondation Allianz

Italy

- Allianz Umana
Mente Foundation

Slovakia

- Nadacia Allianz

Indonesia

- Foundation Allianz Peduli

COMMITTED CORPORATE CITIZEN:

Looking ahead



We will design the social pillar strategy aligned with company purpose and business.



We will create new partnerships and programs serving the new strategy.



We will expand scope of current partnerships and programs towards business alignment.



We will further roll out the online mentoring globally.

³⁶ The sale of Oldenburgische Landesbank AG was closed on 7 February 2018.

09 ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

In our corporate reporting on climate change, we are applying the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD's four-pillar framework provides guidance on how companies can disclose and address risks and opportunities from a changing climate in business practice. To drive best practice and tools, we strive to continuously enhance our reporting and business practices.

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HIGHLIGHTS

In 2018, our climate change strategy saw two major achievements:

- (1) Commitment to set ourselves long-term emissions reduction targets for our proprietary investment portfolio in line with the Paris Climate Agreement's target of limiting global warming to well below 2°C, as part of the Science Based Targets initiative (SBTi). To this end, all tradable proprietary investments are to be structured climate-neutral by 2050.
- (2) Furthermore, we decided to stop offering P&C insurance for single-site coal-fired power plants and coal mines, be they operated or planned; we also strengthened our coal exclusion approach in investments by introducing forward-looking criteria, covering also new coal installations that are not in line with 2°C pathways. For both insurance and investments we are committed to reduce the thresholds to eventually 0% in 2040 latest with the next step being a reduction to 25% in 2022.

Last year we laid strong foundations to this by implementing the recommendations of the TCFD and enhancing our systematic approach to investor engagement.

For 2019, we will focus to operationalize our SBTi commitment by piloting portfolios, co-developing sector methodologies as well as working towards target development after the methodologies are final. Together with the UN Principles for Sustainable Insurance (UN PSI), we will furthermore develop new approaches on risk assessment tools for the insurance industry. This shall enable a better understanding of the impacts of climate change scenarios on the different lines of insurance business.

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE:

09.1 GOVERNANCE

OVERARCHING AND BOARD-LEVEL GOVERNANCE

Allianz SE has a divisional Board structure based on functional and business responsibilities. Business-related divisions reflect our business segments Property/Casualty, Life/Health, Asset Management, and Corporate and Other. In 2018 they were overseen by five Board members. The following divisions focus on Group functions, along with business-related responsibilities: Chairman of the Board of Management; Finance, Controlling and Risk; Investment Management; Operations; Human Resources, Legal, Compliance, and M&A; Business Transformation. For further information on Board of Management members and their responsibilities, please refer to the Annual Report 2018, page 10.

The Allianz Group has had a Climate Change Strategy in place since 2005, which steers our insurance and investment business and is regularly updated. Within the Group, diverse functions and committees steer sustainability topics within their scope of influence.

The highest governing body for sustainability-related issues is the Group ESG Board. Three Allianz SE board members host the ESG Board, meeting quarterly. It owns corporate responsibility and climate-related topics and oversees the Allianz Group Climate Change Strategy. Thereby it steers the whole corporate responsibility agenda, including climate-related topics; this includes the integration of climate and ESG aspects into all business lines and core processes dealing with insurance and investment. It also informs and involves the Board of Management on relevant topics and activities at least twice a year. It also reviews and recommends policy proposals for consideration by the Board of Management and relevant Board committees. Functional departments directly update the Group ESG Board on material sustainability issues.

The Group Finance and Risk Committee (GFRC) consists of members of the BoM and oversees risk management and monitoring, including sustainability and climate risks. It also serves as an escalation point based on analysis and deliberations within the Group ESG Board. Risks identified as emerging and/or significant are addressed either in the GFRC or the Group Underwriting Committee (GUC). The GUC consists of Members of the Board of Management, the Group Chief Risk Officer, Chief Underwriting Officers, and other executives of the Group. It monitors underwriting business, as well as its risk management and strategy and develops an underwriting policy.

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. Climate-related issues are part of these regular updates where relevant.

BUSINESS AND MANAGEMENT-LEVEL GOVERNANCE

The Allianz Group Corporate Responsibility department, and particularly the Group ESG Office, including a team dedicated to Climate Integration, is responsible for steering the integration of ESG and climate aspects into core investment and insurance activities and acts as the Executive Office of the Group ESG Board. It also handles reporting on non-financial matters and supports operating entities in integrating the Group's strategic approach and policies.

Key insurance operating entities, our internal asset managers, and the complete investment management function Allianz Investment Management (AIM) have well-established dedicated climate and ESG functions and practice, which eventually also report to Board level.

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE: 09.1 GOVERNANCE

BUSINESS AND MANAGEMENT-LEVEL GOVERNANCE CONTINUED

At AIM, the Investment Management Board (IMB) oversees the implementation of the climate and ESG strategy for Allianz's proprietary investment portfolio of 706 billion Euro³⁷ (FY 2018). This includes regular discussions and decisions around operationalization of the portfolio decarbonization and SBTi, analyses on asset stranding in climate scenarios, as well as engagement dedicatedly on climate aspects. Within AIM, climate and ESG is steered at IMB level, with the managing director in charge of the implementation.

ESG specialists and/or representatives from different local operating entities, global lines and Group centers come together in the ESG Working Group to develop and discuss projects and proposals for ESG and climate integration in the business.

Specifically for climate change, we have a Climate Contact Group (CCG), consisting of experts from across the Group, exchanging and developing proposals on climate integration into business. Input from the CCG informs top management and Group ESG Board.

For the implementation of science-based targets for our proprietary investments and operations, we have set up a task force expanding across all relevant investment and operational departments and entities, comprising more than 50 employees, including executive functions and reporting to the board members responsible for investments and operations. The task force regularly reports to the Group ESG Board.

Additional bodies and functions within the Group monitor and analyze market, technological as well as regulatory trends and developments – insights are shared with relevant stakeholders. In 2019, we are further strengthening the Group-wide network on climate and ESG-related matters.

Moreover, several units also have dedicated competence centers on promoting low-carbon technologies: Allianz Capital Partners, Allianz Global Investors, Allianz Global Corporate & Specialty, Allianz Climate Solutions, and others.



More information on our risk governance and committees can be found in the Allianz Group Annual Report 2018 on page 74ff. For more details on our corporate responsibility governance see page 21.

³⁷ Based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including FVO, trading and real estate own-use).

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE:

09.2 STRATEGY

CLIMATE-RELATED RISKS AND OPPORTUNITIES

The identification and management of risks and opportunities resulting from climate change are part of our overall business strategy. Measures we take include: developing and adjusting financial products and services; improving decision-making, policies and processes; the setting of targets; managing our operational climate footprint; as well as engaging with internal and external stakeholders.

We believe that climate change will materially affect economies and therefore our lines of business. Arising risks and opportunities can be seen already today and will grow over the mid- and long-term. These can for instance be acute and chronic physical impacts on property or human health like warming temperatures, extreme weather events, rising sea levels, intensifying heatwaves and droughts or a change in vector-borne diseases. Further risks and opportunities result from the cross-sectoral structural change stemming from the transition towards a low-carbon economy. This includes changes in climate policy, technology, or market sentiment, and impacts thereof on the market value of financial assets, as well as risks resulting from climate change liability.

IMPACT ON OUR BUSINESS AND OUR RESPONSES

Allianz Group is exposed to a variety of risks. The largest general risks in terms of their contribution to Allianz's risk profile are market risk, especially equity risk, credit and credit spread risks driven by assets backing long-term liabilities; furthermore Property-Casualty premium and reserve risks resulting from natural and man-made catastrophes as well as from claims uncertainty.

Climate change impacts our business mainly in two ways: through insurance policies, e.g. covering property damage, health impacts and other losses, as well as changes in sectors and business models we underwrite. Furthermore, we are affected as a large-scale institutional investor with significant stakes in various economies, companies, infrastructure and real estate that are or will be affected by the physical impacts from climate change and by the transition to a low-carbon economy, which can have direct impacts on the ability of assets to generate long-term value.

Our business strategy includes systematically leveraging opportunities for financing a low-carbon and climate-resilient future, e.g. by investing in renewable energy, energy efficiency in real estate or electric vehicle infrastructure, or by providing insurance solutions for physical climate impacts and low-carbon business models. For our proprietary investments, the ESG Functional Rule for Investments provides the foundation of integrating climate-related issues. It comprises Asset Manager selection and systematic integration of climate and ESG factors into our investment decisions.



For more information on our climate and ESG governance, please see our [ESG Integration Framework](#).

As a landmark outcome of the incorporation of climate-related risk and opportunity assessments into our business strategy, we committed in 2018 to set ourselves long-term emissions reduction targets for our proprietary investment portfolio and for our business operations. To this end, we joined the Science Based Targets initiative in May 2018. This also builds upon our 2017 assessment where we identified the listed equity and the corporate bond portfolio as being most sensitive to climate transition scenarios.

WHAT IS THE SCIENCE BASED TARGETS INITIATIVE?

The Science Based Targets initiative (SBTi) is a non-profit organization which supports companies in setting emission reduction targets that are in line with achieving international climate targets. It is the most ambitious initiative on decarbonization in the market, requiring real-economy decarbonization targets and progress in line with pathways to well below 2°C. We see the SBTi as an enabler to build on our long-standing commitments and our efforts on driving the low-carbon economy.

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE:

09.2 STRATEGY

IMPACT ON OUR BUSINESS AND OUR RESPONSES CONTINUED

Our targets will be in line with latest climate science to support the Paris Climate Agreement's target of limiting global warming to well below 2°C. To this end, all tradable proprietary investments are to be structured climate-neutral by 2050. We conduct detailed analysis in particularly energy-intensive sectors on emission profiles, possible proto-decarbonization pathways and necessary technology shifts. The results of this are used for portfolio carbon analysis, the definition of decarbonization pathways, our corporate engagement process as well as management decisions. The methodology for financial portfolios is currently developed by civil society representatives, academia and the sector, including us, as part of the SBTi.

As an early step in enabling the low-carbon transition and to managing transition risks connected with climate change, we announced in 2015 to no longer invest proprietary assets in companies that derive more than 30% of revenue from coal mining or generate over 30% of energy from burning coal. In 2018, we updated the approach by introducing forward-looking criteria covering also new coal installations that are not in line with 2°C pathways and by committing to reduce the thresholds to eventually 0% in 2040 the latest with the next step being a reduction to 25% in the end of 2022.

Furthermore, we announced in May 2018 that we will no longer provide P&C insurance to single-site coal power plants or coal mines, that are being operated or planned – effective immediately. Companies that generate electricity from multiple sources, such as coal, other fossil fuels or renewable energies, continue to be insured and individually reviewed on the basis of our general ESG criteria. Also for our P&C insurance portfolios we are committed to completely phase-out all coal-based risks by 2040 the latest and we are further developing our approach to reach this target.

ACTIVE COMPANY DIALOG

To strengthen this effort, we have designed an engagement approach and a dedicated engagement function at Allianz Investment Management besides the Group ESG Office to create an impact in the real economy and encourage companies to define and implement climate strategies in line with science. By actively engaging with companies to have them set measurable climate targets that are transparently pursued, for example by joining the SBTi, we aim to not only reduce carbon emissions in our portfolio but also in the real world.

Additionally, we plan to join forces with other asset owners in encouraging companies to implement such pathways. Our participation in the Transition Pathway Initiative, the engagement platform of Climate Action 100+, as well as in the Portfolio Decarbonization Coalition and the Principles for Responsible Investment (PRI), connects us with like-minded investors and offers platforms for collaborative engagement.

These are first steps and, going forward, we will continually expand these and develop new ones.

Our voting rights are exercised by AllianzGI on our behalf and details on voting policy and voting records can be found online.



For further information please see our [Statement on Coal-based Business Models](#) and our [ESG Integration Framework](#). Please see all proxy voting records on the AllianzGI ESG page [here](#).

TAPPING OPPORTUNITIES

We strategically invest in low-carbon assets since more than a decade and increased our exposure. This includes renewable energy, certified green buildings, and green bonds (see also section 09.4).

From an opportunity perspective, Allianz is a pioneer in insuring low-carbon technologies. We provide standardized and tailor-made insurance products as part of our Sustainable Solutions approach and are insuring renewables in more than 70 countries.

In 2018 we also made significant progress on seizing climate-related insurance opportunities by scaling our renewable energy insurance services to fast-developing growth markets through our initiative 'Scaling Up Renewable Energy (SURE)'.

While working to combat global warming and climate change, we also aim to reduce the impacts of climate risks, by incentivizing preventive measures to increase customers' resilience, and compensating for climate-related damages. Examples include Risk Consulting services offered by AGCS, our active support of the InsuResilience Global Partnership and our work with the German Corporation for International Cooperation (GIZ) to pilot innovative insurance solutions in emerging and developing countries.



For more details on these and other examples, please read sections 04 and 05.

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE: 09.2 STRATEGY

STRATEGY RESILIENCE, STRESS TESTS AND CLIMATE SCENARIO ANALYSIS

Allianz's investment strategy incorporates systematic analyses of long-term projections on the risks and opportunities of the low-carbon transition. Our core investment databases include climate and carbon data, which enables portfolio-wide analyses and measures.

Climate change considerations are an integral part of our insurance and investment strategy which is informed by regular stress tests and additional climate-related scenario analysis. We perform, for instance, sensitivity and scenario analysis with time horizons up to 2040 and including scenarios ranging from well below 2°C to 4°C with internal models and with external partners. While time horizons naturally differ depending on specific lines of business under consideration, the range of scenarios we apply allows to better assess the variety of risks and opportunities associated with climate change. We rely for this on scenarios from the IPCC, IEA or IRENA, among others, but also on own scenarios. We apply scenarios in analyzing decarbonization pathways of sectors and assets, potential stranded assets and technology developments across different sectors. We are furthermore using scenario data and analysis to develop forward-looking criteria for our investment decisions for carbon-intensive business models as well as low-carbon opportunities.

Examples from 2018 include:

- Allianz Economic Research and AIM analyzed potential transition risk drivers (policy, technology, market) and financial impacts on the sectors energy, utilities, materials, industrials, consumer discretionary, financials and information and communication technology for 2°C and 1.5°C scenarios in different geographies. Results were translated into heat maps. For the energy sector, detailed quantitative analysis on potential loss of value from stranded assets has been conducted, informing Investment Management Board discussions and decisions.
- Allianz France piloted methods and disclosure on climate for the investment portfolio by measuring alignment with a 2°C scenario, conducting physical risk analysis, as well as exploring value-at-risk metrics with results disclosed in its 2018 Sustainable Investment Report published in accordance with Article 173 of the French Energy Transition for Green Growth Law and in line with the TCFD recommendations.
- Allianz Group ran climate scenario and alignment analysis on listed equity and corporate bond portfolios.

- Allianz Real Estate conducted an energy and carbon performance overview of the direct real estate portfolio, including indicative science-based targets.
- Allianz co-led jointly with the UN PSI the development of an ESG guide to non-life underwriting, including a risk heat map for economic sectors which also covers climate change-related risk assessments.

DEVELOPING APPROACHES ON CLIMATE-RELATED FINANCIAL DISCLOSURE FOR INSURANCE PORTFOLIOS

As part of UN PSI, Allianz is, together with 17 other insurance companies, developing new approaches on risk assessment tools designed to enable the insurance industry to better understand the impacts of climate change scenarios on their lines of insurance business. The pilot will make use of the latest climate science, including some of the most advanced, forward-looking climate scenarios available. This shall help the industry to pioneer insurance climate risk disclosures in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Results are expected towards Q1 2020.

We will continue to scale up this effort. In 2019, we will be conducting asset and portfolio scenario analysis for our direct infrastructure investments and plan to develop more scenarios and stress tests as part of our risk governance.



For more details see for instance the ESG guide for non-life underwriting [here](#), our stranded asset analysis [here](#) and the Sustainable Investment Report of Allianz France [here](#).

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE: 09.2 STRATEGY

09.4 PARTNERSHIPS, MEMBERSHIPS AND SECTOR ENGAGEMENT

Allianz is partnering with international organizations to drive climate-smart investment and insurance. One example is the Sustainable Development Investment Partnership (SDIP) to scale the use of blended finance in sustainable infrastructure investments in developing countries, an initiative coordinated by the World Economic Forum with support from the OECD.

Another example is our three-year strategic alliance with the German Corporation for International Cooperation (GIZ) aiming at "Closing the Protection Gap" around climate risks in developing countries.

We are also an active member of relevant climate-related industry associations and initiatives like the Munich Climate Insurance Initiative, the Climate Finance Lab, Climate Action 100+, the Accelerating Sustainable Finance initiative, the Geneva Association, the World Economic Forum Alliance of CEO Climate Leaders, The B Team, ClimateWise, the Science Based Targets initiative, RE100, the Transition Pathway Initiative, the Portfolio Decarbonization Coalition, the PRI, the UN PSI, and the Finance Initiative of United Nations Environment (UNEP FI) where Allianz is the Thematic Advisor on Climate Change of the Investment Committee.

Through our work with the G7 Investor Leadership Network, the UNEP FI, and the UN PSI, as well as through our memberships in The B Team, the World Economic Forum Alliance of CEO Climate Leaders, and others, we are encouraging other companies – both within our sector and beyond – to step up and improve their climate-related disclosure. Another key initiative in 2018 has been working together with the European Bank for Reconstruction and Development and peers in advancing capabilities to promote the strategic assessment and management of physical climate risks and opportunities.



For more details see page 96 on our Memberships and Partnerships.

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE:

09.3 RISK AND OPPORTUNITY MANAGEMENT

As a general principle at Allianz, the “first line of defense” of our risk governance rests with business managers in the related undertaking. They are responsible for both the risks and returns from their decisions. Our “second line of defense” is made up of independent global oversight functions. This includes Risk, Actuarial, Compliance, and Legal, which support the Board in defining the risk frameworks within which the business can operate. Audit forms the “third line of defense”, independently and regularly reviewing risk governance implementation, compliance with risk principles, performing quality reviews of risk processes, and testing adherence to business standards, including the internal control framework.

Climate-related risks are addressed as part of an overarching qualitative and quantitative risk reporting and controlling framework. Early-warning indicators are monitored and regularly reported to senior management including risk dashboards, risk capital allocation, and limit consumption reports, where climate aspects become material. One key tool is the Allianz Risk Capital Model, which assesses, amongst many other criteria, natural catastrophe events for the upcoming year on a subsidiary and Group level. Another instrument is the yearly Top Risk Assessment with the goal to identify and remediate significant threats to financial results, operational viability, reputation

and the delivery of key strategic objectives, regardless of whether they can be quantified or not. This assessment is being conducted both on the level of operating entities as well as the Group. Supplemented by quarterly updates, senior management decides on a risk management strategy and related actions. Climate-related factors are included in Top Risk Assessments.



For more details on these risk management processes please see the Allianz Group Annual Report 2018 on page 74.

NATURAL CATASTROPHE RISK GOVERNANCE

Also applicable for natural catastrophes, the Group uses a group-wide risk management framework. Each operating entity is responsible for controlling its exposure to individual catastrophes and defining its local reinsurance requirements, based on its local risk appetite and capital position. The respective cover is then provided by Allianz SE or one of its subsidiaries. At the Group level, the Allianz SE Board reviews and approves the risk appetite. The reinsurance division is then responsible for designing and implementing Group catastrophe protections within given exposure limits. These covers take various forms and aim to protect the Group against excessive losses from major natural catastrophes.

We are using special modeling techniques for natural catastrophes which combine portfolio data (geographic location, characteristics of insured objects, and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses. Where such stochastic models do not exist, we use deterministic, scenario-based approaches to estimate potential losses. We are continuously testing several dozens of natural catastrophe scenarios, including atmospheric events, mapping a range of perils and regions. The results provide the basis for group-wide risk monitoring, risk limits and subsequent business decisions. The top three perils contributing to natural catastrophe risk for Allianz Group as of 31 December 2017 and 2018 were: windstorms in Europe, floods in Germany, and earthquakes in Australia. Furthermore, we are conducting selected stress scenario analysis on natural catastrophe risks like hail or windstorms to be used in risk steering. Our natural catastrophe models are regularly updated according to newest scientific information. We are continuously improving the inclusion of global natural catastrophe hazard information, including climate, into underwriting decisions.

COMPREHENSIVE PROCESSES FOR CLIMATE-RELATED RISKS

Our ESG approach integrates ESG concerns by applying group-wide corporate rules and ESG instruments across all our underwriting, investment, and asset management activities. In 2018, we launched the next generation of ESG guidelines through the updated Allianz Standard for Reputational Risk and Issues Management. We also published the third edition of the [Allianz ESG Integration Framework](#) to further increase transparency around our internal processes and guidelines related to our ESG approach. To this end, we also rely on external providers for data related to climate, ESG and reputational risks.

As an additional layer, building on the explanations in the Governance section (09.1), the climate team within the Corporate Responsibility department works on early identification, measurement and business integration of climate risks as well as on opportunities arising from physical climate change and the low-carbon transition. Examples include regulatory activity around climate change and sustainable finance, the integration of ESG and climate considerations in business processes as well as particular projects such as an annual assessment of investment needs and attractiveness for renewable energy in G20 countries in the Allianz Climate & Energy.

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE:

09.3 RISK AND OPPORTUNITY MANAGEMENT

COMPREHENSIVE PROCESSES FOR CLIMATE-RELATED RISKS CONTINUED

Monitor, and others. These insights are also aligned with the Climate Contact Group as well as the ESG network. Substantial topics are channeled to the Group ESG Board to inform decision-making.

Risk and opportunity considerations are supplemented by additional processes, including:

- our NGO dialog, a regular materiality assessment of emerging ESG and climate issues and opportunities;
- the annual Risk Barometer by Allianz Global Corporate & Specialty, a survey amongst corporate clients, brokers, industry trade organizations, risk consultants, underwriters, senior managers and claims experts; in total collecting more than 2,400 responses from 86 countries. Climate change as a cross-cutting risk driver is now ranked eight, naturally linking to natural catastrophes (#3) as a key risk to property business but also with increasing importance in shaping emission-prone industries in the transition side. Business interruption as another overarching topic ranked highest, with potential triggers also found in climate-related events;

- the Global Claims Review, which analyzes more than 470,000 claims in over 200 countries and territories. This Review found wind storms as the only natural catastrophe event to appear in the top 10 causes of loss. Natural catastrophes in total account for 5% of claims in number and 13% of total value of all claims and represent some of the largest exposures to the energy as well as property and engineering segments. Environmental- and climate change-related liability issues are seen to potentially increase in future;
- On-going dialogs with policy-makers, NGOs and academia on key economic, governmental, environmental and societal issues, including climate change to find and contribute to solutions for a sustainable tomorrow.

In addition, Allianz is a member of the working group on emerging risk in the Chief Risk Officers' Forum. This group defines climate change as a trend which might result in emerging risks for non-physical climate risks. Relevant emerging risks are discussed by the GFRC or GUC and following that, underwriting opportunities or mitigation measures might be implemented where necessary. The CRO Forum has published in early 2019 a landmark report on the implications of climate change to the insurance industry, with several authors from

Allianz contributing to the report. You can access the report "The Heat Is On" [here](#).

For our proprietary investments, the ESG Functional Rule for Investments provides the foundation of integrating climate-related issues. It comprises asset manager selection and systematic integration of climate and ESG factors into our investment decisions. Our portfolio-wide ESG assessment processes and data, including a variety of climate and carbon data (see section 09.4), enables a continuous monitoring and steering of performance at security and portfolio level. For listed assets, we use ESG scores and climate indicators to manage ESG risks and opportunities in our proprietary portfolio. If certain assets score below defined thresholds, further investigation is mandatory under central monitoring, leading to a variety of potential measures, including engagement with the respective companies.

In the first half of 2019, we will run pilot portfolios on climate-related target-setting and steering which will ideally allow us to identify data gaps, derive monitoring and steering approaches and metrics as well as potential investment management actions.



For more details on our activities as a Sustainable Insurer and Responsible Investor see in section 04 and 05.

ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE: 09.4 METRICS AND TARGETS

Our approach to the low-carbon transition will be steered by our commitment to the SBTi. To this end, we will set ourselves long-term emissions reduction targets for our business operations as well as our proprietary insurance asset portfolio in line with the Paris Climate Agreement's target of limiting global warming to well below 2°C. We expect to develop science-based targets towards the end of this year and to have them approved by the Science Based Targets initiative in the first half of 2020.

METRICS

To monitor, assess and steer climate-related aspects of the economy, Allianz uses a variety of indicators across the different lines of business. Our complete list of sustainability-related KPIs can be accessed in section 10.

On the investment side it is helpful to contextualize, for instance, our commitment to the Science Based Targets initiative with mainstream financial information like the spread across different asset classes, jurisdictions and sectors. This information can be accessed via the FY 2018 annual report documents, for instance the financial supplement or the analyst presentation [here](#).

Investment and insurance metrics (list not exhaustive)

- Revenue generated from our sustainable solutions including the number of products offered: 1,557.15 million Euro, 185 products
- Total sustainability-themed investments, incl. climate aspects: 25.1 billion Euro
- Amount of green assets in the portfolio, all with growth targets:
 - Debt and equity investments in renewable energy: 6.8 billion Euro, an increase by 1.2 billion Euro
 - Number of renewable energy parks in portfolio: 95
 - Capacity of renewable energy parks in portfolio: 2.2 GW
 - Debt and equity investments in green buildings: 13.3 billion Euro
 - Investments in green bonds: 3.6 billion Euro
- In 2015, we stopped financing coal-based business models. Amount of securities affected by stop of coal-based business model financing:
 - Fixed-income securities in run-off: 5.7 billion Euro
 - Fixed-income securities added to run-off in 2018 due to tightening of criteria as well as new forward-looking criteria: 906.7 million Euro
- Total equity securities divested: 326.5 million Euro
- Equity securities additionally divested in 2018 due to tightening of criteria as well as new forward-looking criteria: 61.5 million Euro
- Volume of Sustainable and Responsible Investments (SRI) for our third-party assets: 175.6 billion Euro
- Furthermore, we analyze our investment portfolio with a broad range of climate- and carbon-related data and indicators from data sources like MSCI ESG, Transition Pathway Initiative, InfluenceMap, CarbonTracker, or SBTi (list not exhaustive):
 - Carbon footprint information
 - Fossil fuel reserves incl. potential emissions
 - Carbon efficiency scores
 - Carbon risk and risk management indicators
 - Low-carbon opportunities scores
 - Decarbonization targets



For more details on our climate- and sustainability-related metrics and targets see pages sections 02, 06.6 and 10.

BUSINESS OPERATIONS

Also in our business operations, we continually strive to improve the environmental and climate performance. For this, our group-wide Environmental Management System provides the framework, including 47 KPIs related to, amongst others, CO₂ emissions per employee, electricity consumption, the share of renewable energy or the number of carbon certificates used to offset our remaining emissions to be carbon-neutral.



More information on our environmental management can be found in section 06.6.

As part of the Group Sustainability Report, an assurance review of our climate-related financial disclosure was conducted by our auditor.

10 SUSTAINABILITY PERFORMANCE DATA

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SUSTAINABILITY PERFORMANCE DATA:

10.1 OUR TARGETS AND ACHIEVEMENTS

LOW-CARBON ECONOMY

Topic	Targets 2018	Achievements 2018	Targets 2019 and beyond	Reference Sections / Data Table
CLIMATE STRATEGY	<ul style="list-style-type: none"> Investigate on how to further align our investment strategy with a 2°C target. 	<ul style="list-style-type: none"> Committed to Science Based Targets initiative in May 2018. 	<ul style="list-style-type: none"> Set long-term climate targets for our proprietary investments and business operations in line with the Paris Climate Agreement's goal to limit global warming to well below 2°C. In the first half of 2019, we will run pilot portfolios on climate-related target-setting and steering which will ideally allow us to identify data gaps, derive monitoring and steering approaches and metrics as well as potential investment management actions. Together with the UN Principles for Sustainable Insurance, we will furthermore develop new approaches on climate risk assessment tools for the insurance industry. This shall enable a better understanding of the impacts of climate change scenarios on the different lines of insurance business. 	Sections 02.1; 03.5; 09.2
COAL	<ul style="list-style-type: none"> Implement a group-wide divestment from coal-based business models. 	<ul style="list-style-type: none"> Decided to no longer insure single-site coal-fired power plants and coal mines that are being operated or planned as of 2018. Further strengthened the coal exclusion approach in investments in 2018. Tightened restrictions on coal based business models and introduced a long-term action plan for coal until 2040. 	<ul style="list-style-type: none"> Fully phase out coal-based business models across our proprietary investments and property-casualty portfolios by 2040 at the latest. 	Sections 02.2; 04.4; 05.2 Table ESG-10
RENEWABLE ENERGY	<ul style="list-style-type: none"> Increase debt and equity investments in renewable energy in the mid-term. Further investigate a more holistic role of green energy in our operations. 	<ul style="list-style-type: none"> Investments of 6.8 billion Euro (2017: 5.6 billion Euro) in renewable energy. Signed up to RE100 committing Allianz to 100% renewable energy by 2023. 	<ul style="list-style-type: none"> We are striving to minimize our environmental impact and committed to source 100% renewable power for our group-wide operations by 2023. 	Sections 02.2; 03.4; 04.2; 04.4; 05.2; 05.4; 09.2 Tables ESG-8, ESG-9
ENERGY CONSUMPTION	<ul style="list-style-type: none"> 30% reduction in energy consumption per employee by 2020 (2010 baseline) within Allianz Group. 	<ul style="list-style-type: none"> Achieved a share of 45% green electricity of total electricity used (2017: 45%) within Allianz Group. Achieved a 34% cut in 2018 within Allianz Group. 	<ul style="list-style-type: none"> Achieve 100% green electricity for our operations by 2023 within Allianz Group. 30% reduction in energy consumption per employee by 2020 (2010 baseline) within Allianz Group. 	Section 06.6 Table ENV-5
GHG EMISSIONS PER EMPLOYEE¹	<ul style="list-style-type: none"> 30% reduction of CO₂ emissions per employee by 2020 (2010 baseline) within Allianz Group. 	<ul style="list-style-type: none"> In 2018, our carbon footprint per employee was 2.7 tons. This represents a 27% reduction through increase in the share of green electricity and higher energy efficiency, against a 2010 baseline within Allianz Group. 	<ul style="list-style-type: none"> Reduce carbon emissions by 30% per employee by 2020 (2010 baseline) within Allianz Group. 	Section 06.6 Table ENV-2
PAPER CONSUMPTION	<ul style="list-style-type: none"> 40% paper reduction by 2020 (2014 baseline) within Allianz Group. 	<ul style="list-style-type: none"> Achieved a reduction of 38% within Allianz Group by the end of 2018. 	<ul style="list-style-type: none"> 40% paper reduction by 2020 (2014 baseline) within Allianz Group. 	Section 06.6 Table ENV-9

¹ Energy data for 2017 was adjusted.

² Please note that all environmental indicators (greenhouse gas (GHG) emissions per employee and % of green electricity) are assessed based on a limited assurance engagement, not on a reasonable assurance level.

SUSTAINABILITY PERFORMANCE DATA:

10.1 OUR TARGETS AND ACHIEVEMENTS

SOCIAL INCLUSION

Topic	Targets 2018	Achievements 2018	Targets 2019 and beyond	Reference Sections / Data Table
STRATEGY	<ul style="list-style-type: none"> Develop KPIs and measurement tools for the Social Inclusion pillar. Align Social Inclusion pillar activities with our focus SDGs. 	<ul style="list-style-type: none"> KPI is set for the pillar; initial data collection methodology is rolled out and tested. The KPI is to increase reach to children and youth by 20% by 2020 (baseline 2018). The alignment was done for SDG 1 and SDG 8. 	<ul style="list-style-type: none"> Develop measurement tools to address robust numbers for beneficiaries. New target for 2019: Further develop the Social Pillar strategy to connect with the business and its operations. 	<p>Section 08</p> <p>Section 08</p> <p>Section 08</p>
SOS CHILDREN'S VILLAGES	<ul style="list-style-type: none"> Continue to roll out the active partnership with SOS Children's Villages to 18 countries in total during 2018. Continue to roll out the Resilience 360° platform within SOS Children's Villages in 2018, an early warning and emergency management tool for natural and man-made catastrophes. Continue to roll out the Allianz participation in YouthCan!, a global program led by SOS Children's Villages to foster youth development in two pilot countries in 2018. 	<ul style="list-style-type: none"> Allianz and SOS Children's Villages further strengthened local partnerships in countries around the globe with Madagascar newly added. Successfully continued roll-out and supported implementation of Emergency Preparedness (EPREP). As of 2018, we have YouthCan! partnerships in Colombia, Indonesia, Madagascar and Argentina. Third Allianz World Run raised 300,000 Euro for SOS Children's Villages. 	<ul style="list-style-type: none"> Increase partnerships with SOS Children's Villages to 31 countries by 2021. Continue to support overall SOS disaster preparedness and response in 2019. Further expand YouthCan! partnerships to more countries. 	<p>Section 08.2</p> <p>Chapter 08.2</p> <p>Section 08.2</p> <p>Section 08.2</p>
ENCOURAGING FUTURE GENERATIONS PROGRAM	<ul style="list-style-type: none"> Social Innovation Fund to be reopened for application from operating entities worldwide. Hold the Encouraging Future Generations Day (EFGD) to address our Social Inclusion pillar and create a dialog platform for stakeholders. Second cycle of Investment Ready Program (IRP) with the Impact Hub to be launched in 2018. Tech4 Seed-Fund (now called 'tech4impact fund') to support young entrepreneurs develop digital solutions that solve societal challenges. 	<ul style="list-style-type: none"> Granted funds to nine social projects including SOS CV partnerships globally through our Social Innovation Fund. EFGD was held together with a diverse group of internal and external stakeholders. The event attracted 200 internal and external guests and generated 200 views online. Second cycle of the IRP has enrolled in Greece, Indonesia, Spain and Germany with eight social ventures. The E.U. project has been concluded: A discussion paper about a comprehensive tech4good impact management framework is currently under preparation. Based on the insights from the market sounding process, PHINEO decided that the 'tech4impact fund' would better be implemented by other organizations, preferably with a modified legal structure. Together with trusted network partners a new concept for a "tech4impact" evergreen holding structure has been developed. 	<ul style="list-style-type: none"> Continue with Social Innovation Fund to encourage operating entities to on-board with the strategy. Expand the focus on employee engagement with the Social Innovation Fund. The second EFGD is planned to include various stakeholders to address Allianz's social strategy and create dialog among key stakeholders. Program to include the Academy in Munich to engage Allianz employees as mentors and experts to the ventures. EFGD to serve as the final pitch day for the program participants where one will win the 40,000 Euro grant from Allianz. For 2019, the execution of the fundraising process for the new impact holding structure (goal: start impact investing activities based on a cumulative commitment of at least 5–10 million Euro) has been handed over to the network partners but continues to be supported by PHINEO. Publish discussion paper on tech4good impact management in 2019. 	<p>Section 08.2</p> <p>Section 08.2</p> <p>Section 08.2</p> <p>Section 08.2</p>
EMERGING CONSUMERS		<ul style="list-style-type: none"> Allianz is expanding its access to emerging consumers with new digital offerings by collaborating with leading partners like BIMA and Go-Jek. In 2018, we had 43.8 million customers in the emerging consumers market. 	<ul style="list-style-type: none"> We aim to continue our expansion in the emerging consumers market Africa, Asia and Latin America. 	<p>Sections 04.2; 04.3 Tables ESG-4; ESG-5; ESG-6</p>

SUSTAINABILITY PERFORMANCE DATA:

10.1 OUR TARGETS AND ACHIEVEMENTS

SOCIAL INCLUSION CONTINUED

Topic	Targets 2018	Achievements 2018	Targets 2019 and beyond	Reference Sections / Data Table
EMPLOYEE VOLUNTEERING PROGRAM	<ul style="list-style-type: none"> Enhance the employee volunteering program within Allianz Group. 	<ul style="list-style-type: none"> Social Innovation Fund focused on employee engagement elements for the winning projects to implement locally. In four different countries Investment Ready Program offered mentoring and expertise opportunities. The Online Mentoring pilot was successfully completed. In 2018, Allianz employees completed more than 77,268 hours of corporate volunteering around the world. My Finance Coach (MFC): Since its launch in 2010, MFC has reached over 1,600,000 pupils all over Germany. In 2018, Allianz continued to provide financial support and office facilities, and was a member of the advisory council. 412 Allianz employees volunteered their time to support the program, bringing the total to 2,677 employees who have volunteered in the program by the end of 2018. 	<ul style="list-style-type: none"> Social Innovation Fund expand the focus on employee engagement programs. Online Mentoring Program to be rolled out on a global scale with 100 youth and mentors. 	Section 08.3 Table CC-2
CHARITABLE DONATIONS		<ul style="list-style-type: none"> In 2018, corporate giving of Allianz entities and foundations totaled 25.8 million Euro (2017: 20.0 million Euro). Given the nature of our business, this included support for disaster management. 		Section 08.4 Table CC-1

BUSINESS INTEGRATION

Topic	Targets 2018	Achievements 2018	Targets 2019 and beyond	Reference Sections / Data Table
ESG	<ul style="list-style-type: none"> Allianz Real Estate to launch a new ESG framework in 2018. 	<ul style="list-style-type: none"> Allianz Real Estate launched its ESG framework. Allianz Real Estate increased its investments in certified green buildings from 11.4 to 13.3 billion Euro. Third edition of the Allianz ESG Integration Framework to further increase transparency around our internal processes and guidelines related to our ESG approach. Project ongoing. 	<ul style="list-style-type: none"> Launch global consultation on final draft standard with the insurance industry. 	Sections 05.2; 05.3 Table ESG-8
	<ul style="list-style-type: none"> Support UNEP-FI Principles for Sustainable Insurance (PSI) to develop an industry-wide ESG standard until 2019. Full implementation of the ESG engagement approach with investee companies until 2019. 	<ul style="list-style-type: none"> Launched systematic approach for engagement with investee companies on environment, social and governance (ESG) grounds. In our pilot we engaged with 12 companies. 631 transactions referred and assessed for ESG risks. 1.56 billion Euro revenue generated through Sustainable Solutions. Continued to train underwriters and relevant employees on our ESG screening processes. 5.4 billion Euro additional sustainable investments, bringing the total to 25.1 billion Euro. 	<ul style="list-style-type: none"> Review referral and assessment process. 	Section 05.4 Sections 02.2; 03.5; 03.7; 04.1; 09.2 Sections 03.4; 05.2 Sections 03.4; 04.1; 04.2; 05.1; 05.2 Tables ESG-1; ESG-3; ESG-4; ESG-8
HUMAN RIGHTS		<ul style="list-style-type: none"> Human rights matters have been taken into account within the 2018 ESG risk assessment process. Additionally, according to the Allianz Group – Modern Slavery Statement we did not have any issues raised in regard to human right matters specific to the Allianz Group in 2018. 	<ul style="list-style-type: none"> Continue to apply ESG Sector Guidelines and Human Rights Guidelines for sensitive countries into all business lines and core processes dealing with insurance and investment decisions. Conduct annual review for U.K. and Group Modern Slavery Statements in 2019. Develop human rights guidance within PSI ESG in underwriting project for property-casualty insurance in 2019. 	Sections 03.4; 04.1; 06.7 Table ESG-3
VENDOR CODE OF CONDUCT RATINGS	<ul style="list-style-type: none"> Our aim is to further enhance the percentage of our global vendors who have signed the Vendor Code of Conduct. 	<ul style="list-style-type: none"> 562 suppliers have contracted our Vendor Code of Conduct for 2018. Dow Jones Sustainability Index: we took the leading position within the insurance sector for the second year running, scoring 85 out of 100 points. 		Section 06.7 Section 03.7

SUSTAINABILITY PERFORMANCE DATA: 10.1 OUR TARGETS AND ACHIEVEMENTS

OTHERS^{III}

Topic	Targets 2018	Achievements 2018	Targets 2019 and beyond	Reference Chapter / Data Table
EMPLOYEE MATTERS – IMIX^{IV}	<ul style="list-style-type: none"> 72% IMIX score in 2018 within Allianz Group. 	<ul style="list-style-type: none"> 71% IMIX score in 2018 within Allianz Group. As 2018 targets were not fully reached for the Allianz Group, the following initiatives will be implemented or continued to improve results in the mid-term: Inclusive Leadership Training, Inclusive Meritocracy Virtual Classrooms, broad upskilling offering (LinkedIn Learning) for all Allianz employees globally, and further specific local measures at OE level. 	<ul style="list-style-type: none"> 73% IMIX score in 2021 within Allianz Group. 	Sections 03.1; 07.1 Table HR-11
EMPLOYEE MATTERS – DIVERSITY	<ul style="list-style-type: none"> 20% women in Boards of Management globally. 	<ul style="list-style-type: none"> 23.9% women in Boards of Management globally. 	<ul style="list-style-type: none"> 25% women in Boards of Management globally by the end of 2021. 	Section 07.5
EMPLOYEE MATTERS – WORK WELL	<ul style="list-style-type: none"> Continue to implement the 10 minimum actions within the Work Well program. (To track the program's impact, we have developed our Work Well index (WWi), a scientifically validated tool that measures work-related psychosocial stress.) 	<ul style="list-style-type: none"> In 2018, our Work Well Index (WWi) remained on a stable level of 66% (2017: 66%). 20 out of 56 OEs participating in the AES increased their WWi score in 2018. In 2018, we presented the first ever Work Well award – launched to drive a systematic and sustainable approach for employee health. Allianz Spain was successful in becoming the first entity to be awarded the new prize. 	<ul style="list-style-type: none"> Targets to be set. 	Section 07.7 Table HR-11
EMPLOYEE MATTERS – LEARNING		<ul style="list-style-type: none"> Launched LinkedIn Learning @ Allianz. 		Chapter 07.2
GLOBAL NPS PERFORMANCE, ALLIANZ GROUP^V	<ul style="list-style-type: none"> By the end of 2018, the Allianz Group aims to achieve a step-change global Net Promoter Score (NPS) performance, with 75% of our business segments above market or in a loyalty leader position. 	<ul style="list-style-type: none"> 74% of the business segments of the Allianz Group's entities scored above market or in a loyalty leader position in 2018. 	<ul style="list-style-type: none"> 75% of Allianz Group business segments of our entities score above market or in a loyalty leader position in 2019 (75% in 2018). In order to ensure that our global ambitions 2019 will be met, dedicated "NPS activation workshops" will be organized in the first half of 2019 with all OEs in scope to identify performance gaps and define concrete action plans. 	Sections 03.8; 06.1; 06.2 Table NPS-1
DATA PRIVACY CONCEPTS		<ul style="list-style-type: none"> The General Data Protection Regulation (GDPR) requirements have been implemented by Group Privacy in 2018 globally ensuring stricter requirements on the way Allianz collects and uses personal data of individuals. 		Sections 06.1; 06.4
COMPLIANCE		<ul style="list-style-type: none"> Roll-out of an enhanced compliance assurance approach in 2018. Completion of the second cycle of the integrated compliance risk scoping and assessment activities as part of the company's IRCS. 	<ul style="list-style-type: none"> Completion of the third cycle of the integrated compliance risk scoping and assessment activities as part of the company's IRCS process. Review and simplify the current risk scoping and maturity assessment processes. 	Section 06.4
DIGITAL OUTBOUND COMMUNICATION	<ul style="list-style-type: none"> The Allianz Group aims to achieve 72% share of digital outbound communication during 2018. 	<ul style="list-style-type: none"> The Allianz Group achieved a 72% share of digital outbound communication during 2018. 		Table DIG-1
E.U. GENERAL DATA PROTECTION REGULATION	<ul style="list-style-type: none"> Global crossfunctional project to address upcoming changes in the E.U. General Data Protection Regulation (GDPR) across Allianz Group companies by May 2018. In 2018, we will further roll out an enhanced assurance approach, comprising of a more detailed risk scoping, a maturity self-assessment and further control testing. 	<ul style="list-style-type: none"> Since the GDPR came into effect in May 2018, we have undertaken our governance function through a formal process of collecting the implementation status of the Allianz Privacy Renewal Program across the Group. We have worked with Allianz Group companies and other group functions to remediate gaps in organizational set-up, processes and IT systems. 	<ul style="list-style-type: none"> Looking ahead, we will continue working to ensure compliance with the E.U. GDPR and will update the Allianz Privacy Standard, functional rules, and privacy guidance to reflect regulatory changes and judicial decisions. We will also facilitate deeper engagement on privacy-related issues across the Group, including through ongoing data privacy training. 	Section 06.4

^{III} These targets and achievements are related to other parts of our corporate strategy, i.e. the Renewal Agenda or our HR approach.

^{IV} Please note that the IMIX data is delivered by an external service provider and that we did not evaluate the data collection process of the provider.

^V Please note that the NPS data is delivered by an external service provider and that we did not evaluate the data collection process of the provider.

SUSTAINABILITY PERFORMANCE DATA:

10.2 MEMBERSHIPS AND PARTNERSHIPS

Below is an excerpt of some of our memberships and partnerships

Memberships

Founders Circle, The B Team

Investor Signatories, ClimateAction100+ (CA100+)

Founding Member, Climate Leadership Council (CLC)

Member, ClimateWise

Member, the Global Innovation Lab for Climate Finance

Member, Institutional Investors Group on Climate Change (IIGCC)

Member, Insurance Development Forum (IDF)

Member, InsuResilience Global Partnership

Member, Investment Leaders Group (ILG)

Member, Investor Leadership Network – A G7 initiative (ILN)

Member, Munich Climate Insurance Initiative (MCI)

Member, Portfolio Decarbonization Coalition (PDC)

Signatories, Principles for Responsible Investment (PRI)^{vi}

Signatory, Principles for Sustainable Insurance (PSI)

Member, RE100

Member, Science Based Targets initiative (SBTi)

Member, Stifterverband der Deutschen Wissenschaft

Signatory, UN Global Compact (UNGC)

Founding Member, UNEP Finance Initiative (UNEP FI)

Member, World Economic Forum Alliance of CEO Climate Leaders

Partnerships

Partnership with the German Corporation for International Cooperation (GIZ)

Partnership with the International Finance Corporation (IFC), World Bank Group

Partnership with Impact Hub Munich

Partnership with International Paralympic Committee (IPC)

Partnership with SOS Children's Villages International (SOS-CVI)

Partnership with Volunteer Vision

Partnership with Youth Bridge Munich



^{vi} Allianz SE, AllianzGI, PIMCO are separate signatories to the PRI.

SUSTAINABILITY PERFORMANCE DATA:

10.3 ESG PERFORMANCE

This section contains data related to the ESG performance of Allianz Group. Data in this section is part of the Managing Sustainability, Sustainable Insurer and Responsible Investor sections.

Table ESG-1

ESG REFERRALS AND ASSESSMENTS

As of December 31	2018	2017	2016
Insurance	470	539	483
Investments	52	43	23
Procurement ^{vii}	109	n/a	n/a
Other	0	1	2
Total	631	583	508

^{vii} Procurement activities were included the scope of the ESG referral and assessment process in 2018.

Table ESG-3

ESG REFERRALS AND ASSESSMENTS BY SENSITIVE BUSINESS AREA

As of December 31	2018				2017				2016			
	Proceed	Proceed with mitigation	Do not proceed	Total	Proceed	Proceed with mitigation	Do not proceed	Total	Proceed	Proceed with mitigation	Do not proceed	Total
Agriculture, Fisheries and Forestry	9	13	0	22	11	15	1	27	3	15	1	19
Animal Testing	2	0	0	2	0	0	0	0	1	1	0	2
Animal Welfare	3	1	0	4	2	2	0	4	1	2	0	3
Betting and Gambling	6	1	0	7	6	3	0	9	13	3	0	16
Clinical Trials	9	7	0	16	13	11	2	26	15	7	0	22
Defense	26	21	5	52	31	22	5	58	41	22	3	66
Human Rights	4	16	3	23	7	8	0	15	21	8	1	30
Hydro-Electric Power	6	11	1	18	11	10	2	23	14	9	2	25
Infrastructure	45	38	36	119	58	61	10	129	45	50	0	95
Mining	21	61	7	89	34	75	8	117	18	66	3	87
Nuclear Energy	3	0	0	3	4	6	1	11	7	6	1	14
Oil and Gas	19	29	3	51	24	38	2	64	17	48	2	67
Sex Industry	0	0	0	0	0	0	0	0	0	0	0	0
Procurement Transactions	109	0	0	109	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other ESG and Reputational Issues	74	32	10	116	61	31	8	100	44	14	4	62
Total	336	230	65	631	262	282	39	583	240	251	17	508

Table ESG-2

ESG REFERRALS AND ASSESSMENTS: ASSESSMENT OUTCOMES

% share of total referrals

As of December 31	2018	2017	2016
Proceed	53.2	44.9	47.2
Proceed with mitigation or additional conditions	36.5	48.4	49.5
Do not proceed	10.3	6.7	3.3

SUSTAINABILITY PERFORMANCE DATA: 10.3 ESG PERFORMANCE

Table ESG-4

REVENUES FROM SUSTAINABLE SOLUTIONS^{viii}

€ mn

As of December 31	2018	2017 ^{ix}	2016 ^{ix}
Sustainable insurance solutions	880.1	454.9	448.6
Insurance solutions with a sustainability component	371.2	389.8	346.4
Emerging consumer solutions	305.8	256.4	302.6
Total	1,557.2	1,101.2	1,097.6

^{viii} Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability.

^{ix} Data from 2016 and 2017 has been updated due to a change in scope.

Table ESG-5

NUMBER OF SUSTAINABLE SOLUTIONS

As of December 31	2018	2017 ^x	2016 ^x
Sustainable insurance solutions	94	92	89
Insurance solutions with a sustainability component	37	37	37
Emerging consumer solutions	25	25	25
Sustainable asset management solutions	29	15	12
Total	185	169	163

^x Data from 2016 and 2017 has been updated due to a change in scope.

Table ESG-6

EMERGING CONSUMER BUSINESS

As of December 31	2018	2017	2016 ^{xi}	
Gross Written Premiums (GWP)	€ mn	305.8	256.4	302.6
thereof from non-consolidated entities ^{xii}	€ mn	279.5	228.8	278.4
No. of in-force insured people		43,785,733	58,734,168	60,796,900
thereof from non-consolidated entities ^{xii}		37,037,669	51,352,372	54,466,423
GWP per customer	€/cust	6.98	4.37	4.98

^{xi} 2016 data is restated due to a change in scope.

^{xii} Please see note 43 to the Consolidated Financial Statements of Allianz Group Annual Report 2018.

Table ESG-7

ESG IN ASSET MANAGER SELECTION

%

As of December 31	2018	2017	2016
Share of asset managers being PRI signatories and/or having an ESG policy in place	99	99	95

Table ESG-8

SUSTAINABILITY-THEMED INVESTMENTS

Proprietary Investments € bn

As of December 31	2018	2017 ^{xiii}	2016 ^{xiii}
Renewable energy investments	6.8	5.6	4.6
thereof: Infrastructure equity	3.8	3.7	3.6
thereof: Infrastructure debt	3.0	1.9	1.0
Certified green buildings	13.3	11.4	3.9
thereof: Equity investments	10.9	8.8	n/a
thereof: Debt investments	2.4	2.6	n/a
Green bonds	3.6	2.5	0.9
Sustainability bonds	0.4	0.0	0.0
Social bonds	0.8	0.0	0.0
Other (e.g. affordable housing, dedicated investment in PIMCO ESG fund)	0.2	0.2	0.0
Total	25.1	19.7	9.4

^{xiii} Data is not part of assurance scope.

Table ESG-9

RENEWABLE ENERGY INVESTMENTS

As of December 31	2018	2017	2016	
Number of wind farms	86	81	72	
Number of solar farms	9	7	7	
Total number of facilities	95	88	79	
Total generating capacity of renewables investments	GW	2.2	1.9	1.7

SUSTAINABILITY PERFORMANCE DATA: 10.3 ESG PERFORMANCE

Table ESG-10

COMMITMENT TO DIVEST FROM COAL-BASED BUSINESS MODELS^{xiv}

Proprietary Investments € mn

	2018	2017	2015
Cumulative action since November 2015			
Fixed income investments to run-off or already disposed	5,706.7	4,800.0	3,900.0
Listed equities divested or in divestment	326.5	265.0	225.0
Additional action			
Net additional fixed income investments to run-off	906.7	900.0	3,900.0
Additional listed equities divested or in divestment	61.5	40.0	225.0

Table ESG-11

NUMBER OF ESG ENGAGEMENTS

	2018
As of December 31	
Number of active engagements	12

Table ESG-12

ESG ENGAGEMENT BY SECTOR

	2018
As of December 31	
Tobacco	2
Metals and mining	3
Steel	2
Chemicals	1
Construction and engineering	2
Other	2

Table ESG-13

ESG ENGAGEMENT BY REGION

	2018
As of December 31	
Europe	6
Asia Pacific	2
North America	3
Emerging markets	1

^{xiv} No additional commitment in 2016.

Table ESG-14

ESG ENGAGEMENT TOPICS

	2018
As of December 31	
Labor standards	5
Biodiversity and land use	2
CO ₂ Emissions and management	5
Toxic emissions and waste	6
Health and safety	3

Table ESG-15

ESG ENGAGEMENT OUTCOMES

	2018
As of December 31	
Continued monitoring	0
Engagement closed successfully	3
Engagement on-going	8
Engagement closed with restrictions	1

Table ESG-16

SUSTAINABLE INVESTMENTS FOR THIRD-PARTY ASSETS

Third-Party Assets € bn

	2018	2017	2016
As of December 31			
Allianz Global Investors ^{xv}	40.9	14.7	12.6
Integrated ESG strategies ^{xvi}	26.8	n/a	n/a
SRI strategies	12.3	13.0	10.5
Impact strategies	1.8	1.7	1.3
Thematic	n/a	n/a	0.8
Norm / Value-based	n/a	n/a	0.1
PIMCO	134.7	130.3 ^{xvii}	105.9 ^{xvii}
Total	175.6	145.0	118.5

^{xv} The classification of ESG products was revised in 2017. Certain funds and products from the thematic and norm / value-based clusters were reclassified into SRI and responsible. See section 05.4 for definitions of these categories. For definitions of integrated ESG, SRI and impact strategies, see page 40. For definitions of the expiring clusters (thematic and norm/value-based), please see the Group Sustainability Report 2016, page 39.

^{xvi} Integrated ESG strategies were announced in late 2017 and new products were launched in 2018.

^{xvii} 2016 / 2017 data restated due to correction of USD/EUR exchange rate.

SUSTAINABILITY PERFORMANCE DATA:

10.4 ENVIRONMENTAL PERFORMANCE

This section contains data related to the environmental performance of Allianz Group. Data in this section is part of the Trusted Company section.

Our reporting on environmental data generally follows the GRI Standards of the Global Reporting Initiative. The Group's carbon footprint is oriented towards the Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard. For data compilation, Allianz further applies the standards developed by the Association of Financial Institutions for Environmental Management and Sustainability (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstitutionen 'VfU') as they are tailored to financial services institutions.

Detailed guidance for environmental data compilation is further defined in internal guidelines for environmental reporting and in the publicly available explanatory notes.

Table ENV-1

EMS COVERAGE

As of December 31		2018	2017	2016
Share of employees in scope by our environmental management system (EMS)	%	94	91	92

Table ENV-2

GREENHOUSE GAS EMISSIONS

As of December 31		2018	2017 ^{xviii}	2016 ^{xviii}
Scope 1 – Direct GHG emissions	t CO ₂ e	46,734	51,838	56,856
Scope 2 – Indirect GHG emissions (market based)	t CO ₂ e	159,181	167,888	164,090
Scope 2 – Indirect GHG emissions (location based)	t CO ₂ e	239,132	257,488	260,516
Scope 3 – Other indirect GHG emissions	t CO ₂ e	167,533	158,664	168,459
Scope 1–3, GHG emissions total	t CO₂e	373,448	378,391	389,405
Total GHG Emissions per employee	t/empl	2.7	2.7	2.8
Overall GHG reduction per employee since 2010 Target -30% by 2020	%	-27	-27	-24

^{xviii} Please note, that the data for 2017 and 2016 have been restated, for further details, please see our explanatory notes.

Table ENV-3

ENERGY CONSUMPTION^{xix}

As of December 31		2018	2017 ^{xx}	2016
Energy consumption from our office buildings	GJ	2,240,060	2,391,123	2,494,055
Energy consumption from our data centers	GJ	396,338	392,055	475,275
Total energy consumption	GJ	2,636,398	2,783,178	2,969,330
Energy consumption from office buildings per employee	GJ/empl	16.1	17.0	17.9
Energy reduction from office buildings per employee since 2010 Target -30% by 2020	%	-34	-30	-26

^{xix} We are in the process of consolidating our global data center real estate. The reported energy consumption relates to our strategic data centers in Europe, the U.S. and Singapore. Up to the end of this consolidation program, the energy consumption from some local data centers will be included in the energy consumption reported for office buildings.

^{xx} Please note, that the data for 2017 have been restated, for further details, please see our explanatory notes.

Table ENV-4

ENERGY SOURCES

As of December 31		2018	2017 ^{xxi}	2016
Electricity	%	72.2	70.9	71.5
Fossil fuels	%	14.1	16.4	17.1
Long-distance heating	%	13.5	12.4	11.1
Other sources (incl. energy from own sources including photovoltaic, internal waste heat)	%	0.2	0.3	0.3

^{xxi} Please note, that the data for 2017 have been restated, for further details, please see our explanatory notes.

Table ENV-5

RENEWABLE ELECTRICITY

As of December 31		2018	2017 ^{xxii}	2016
Renewable electricity	GJ	859,862	882,222	878,393
Renewable electricity as a share of all electricity sources Target 100% by 2023	%	45	45	41

^{xxii} Please note, that the data for 2017 have been restated, for further details, please see our explanatory notes.

SUSTAINABILITY PERFORMANCE DATA: 10.4 ENVIRONMENTAL PERFORMANCE

Table ENV-6

BUSINESS TRAVEL

As of December 31		2018	2017	2016
Total travel	km	941,564,230	952,221,036	917,846,303
Road travel (incl. rental, fleet, and private cars)	%	38.3	40.7	43.9
Air travel	%	53.9	51.5	47.5
Rail travel	%	7.9	7.8	8.5
Travel per employee	km/empl	6,749	6,776	6,582

Table ENV-7

WATER CONSUMPTION

As of December 31		2018	2017	2016
Total water consumption	m ³	1,830,782	1,940,030	1,887,526
Drinking water	%	87.6	86.6	87.2
Rain water	%	0.4	0.3	0.4
Natural water	%	12.0	13.1	12.4
Water consumption per employee	m ³ /empl	13.1	13.8	13.5

Table ENV-8

WASTE

As of December 31		2018	2017	2016
Total waste	t	19,575	21,474	21,438
Waste incinerated	%	40.3	39.5	43.3
Waste recycled	%	39.9	40.7	40.2
Waste to landfills	%	19.8	19.4	15.9
Special waste treatment	%	0.1	0.3	0.6
Waste per employee	kg/empl	140	153	154

Table ENV-9

PAPER CONSUMPTION

As of December 31		2018	2017	2016
Total paper consumption	t	12,332	14,038	16,325
Recycled paper	%	40	37	37
FSC-labeled paper	%	50	47	47
Paper consumption per policy	g/policy	83	98	117
Paper reduction since 2014 Target -40% by 2020	%	-38	-27	-13

SUSTAINABILITY PERFORMANCE DATA:

10.5 HUMAN RESOURCES PERFORMANCE

This section contains data related to the Human Resources performance of Allianz Group.

Data in this section is part of the Attractive Employer section.

Table HR-1

EMPLOYEE OVERVIEW

As of December 31		2018	2017	2016
Total number of employees (core business)		142,327	140,399	140,120
thereof: men	%	49	48	48
thereof: women	%	51	52	52
Total number of employees (core and non-core)		142,460	140,553	140,253

Table HR-2

EMPLOYEES BY REGION^{xxiii}

As of December 31	2018	2017	2016
Germany	38,089	40,149	40,167
France	14,467	14,893	15,437
United States	8,112	7,996	8,008
United Kingdom	6,540	6,814	6,905
Italy	6,356	6,563	6,642
India	5,969	4,878	4,270
Australia	5,294	5,525	5,515
Spain	4,376	3,556	3,593
Brazil	3,269	3,355	3,414
Austria	3,213	3,410	3,461
Other	46,775	43,414	42,841
Total	142,460	140,553	140,253

^{xxiii} Total number of employees with an employment contract of all affiliated companies (core and non-core business).

Table HR-3

EMPLOYMENT RELATIONSHIPS^{xxiv}

% of total employees (core business)

As of December 31	2018	2017	2016
Full-time employee	87.3	86.9	87.0
thereof: male	53.5	53.4	53.5
thereof: female	46.5	46.6	46.5
Part-time employee	12.7	13.1	13.0
thereof: male	22.1	19.8	18.7
thereof: female	77.9	80.2	81.3
Trainee ratio ^{xxv}	2.5	2.9	2.7

As of December 31	2018	2017	2016
Permanent employees	92.2	91.6	92.3
Temporary employees	7.8	8.4	7.7

^{xxiv} Figures based on the number of employees in Allianz's core business, which includes all companies in and related to the insurance and asset management business, including our banking activities in Germany, France, Italy and Central and Eastern Europe. The figures do not include fully consolidated companies that are considered as pure financial investments and companies classified as held for sale.

^{xxv} Trainees are employees at the beginning of their career participating in a trainee program, i.e. undergoing practical training designed to facilitate their development of knowledge and skills, e.g. apprentices, trainees, interns and working students, and with a formal arrangement (e.g. employment contract or third-party agreement with a school or university).

Table HR-4

AGE STRUCTURE

% of total employees (core business)

As of December 31	2018	2017	2016
% of 24 or under	7.2	7.2	7.0
% of 25-34	28.0	27.2	27.8
% of 35-44	26.9	27.1	27.3
% of 45-54	24.4	25.0	25.2
% of 55-64	12.9	12.9	12.3
% of 65 or over	0.6	0.6	0.4
Average age	40.6	40.8	40.6

SUSTAINABILITY PERFORMANCE DATA: 10.5 HUMAN RESOURCES PERFORMANCE

Table HR-5

EMPLOYEE TURNOVER

%				
As of December 31	2018	2017	2016	
Employee turnover rate	16.6	14.1	14.5	
Turnover rate (men)	15.8	13.1	13.6	
Turnover rate (women)	16.9	15.1	15.2	
Turnover rate by region				
Asia Pacific	26.7	24.8	21.8	
Eastern Europe	21.9	22.6	24.7	
Germany	7.4	5.9	6.5	
Middle East & Africa	24.7	13.9	14.6	
North America	12.0	13.7	13.9	
Rest of Europe	19.4	15.8	16.0	
South America	23.3	14.2	21.1	

Table HR-6

EMPLOYEE RECRUITMENT

As of December 31	2018	2017	2016	
Total recruitment (external and internal)	24,702	21,890	21,863	
Total recruitment (share of men)	% 48.4	47.3	48.3	
Total recruitment (share of women)	% 51.6	52.7	51.7	
Total recruitment rate by region				
Asia Pacific	% 29.6	25.3	27.7	
Eastern Europe	% 15.0	12.7	13.4	
Germany	% 8.9	8.6	8.8	
Middle East & Africa	% 37.0	23.6	21.5	
North America	% 15.4	13.4	13.4	
Rest of Europe	% 20.2	18.8	18.3	
South America	% 13.4	12.8	13.2	

Table HR-7

DIVERSITY

% of total employees (core business)

As of December 31	2018	2017	2016	
Women in executive positions ^{xxvi}	% 28.9	27.7	27.8	
Female managers ^{xxvii}	% 37.8	37.6	37.2	
Share of women in core business	% 51.2	51.8	52.4	

^{xxvi} Including women at all executive positions below the Board of Management.

^{xxvii} Including women functionally responsible for other staff, regardless of level, e.g. division, department and team managers.

Table HR-8

SICKNESS-RELATED ABSENTEEISM

average days per employee

As of December 31	2018	2017	2016	
Overall average	8.4	8.4	8.4	
Average days by region				
Asia Pacific	4.0	4.4	4.9	
Germany	12.3	12.3	12.2	
Middle East and Africa	3.2	2.4	3.7	
Eastern Europe	7.0	7.6	6.5	
North America	1.9	2.1	2.3	
South America	3.1	3.0	3.0	
Rest of Europe	8.6	8.3	8.4	

Table HR-9

TOTAL ABSENTEEISM

As of December 31	2018	2017	2016	
Total absenteeism lost days	days 1,134,910	1,141,720	1,134,957	
Absenteeism – coverage of employees	% 100	100	100	

SUSTAINABILITY PERFORMANCE DATA: 10.5 HUMAN RESOURCES PERFORMANCE

Table HR-10

EMPLOYEE TRAINING

As of December 31		2018	2017	2016
Total expenses for employee training	€ mn	88	91	93
Training expenses per employee	€	646	670	690
Average training days	days	3.0	3.0	2.9
Staff	days	3.0	3.0	2.9
Managers	days	3.1	3.1	3.1
Employees undergoing at least one training session	%	69.9	70.9	70.7
Staff	%	68.6	69.6	69.1
Managers	%	78.5	79.8	80.9

Table HR-11

ALLIANZ ENGAGEMENT SURVEY

		2018	2017	2016
Number of employees invited to participate in the Allianz Engagement Survey (AES)		121,913	122,282	124,027
Number of OEs invited to participate in the AES		56	60	59
AES Participation rate	%	81	84	85
Work Well Index	%	66	66	64
Employee Engagement Index	%	70	72	72
Inclusive Meritocracy Index (IMIX)	%	71	72	70

SUSTAINABILITY PERFORMANCE DATA:

10.6 ADDITIONAL SUSTAINABILITY PERFORMANCE

This section contains data related to the ESG performance of Allianz Group.

Data in this section is part of the Trusted Company and Corporate Citizenship sections.

Table TAX-1

INCOME TAXES BY REGION^{xxviii}

€ mn

As of December 31	2018	2017 ^{xxx}	2016 ^{xxx}
Americas	513	883	851
Asia Pacific	190	171	36
Europe	1,976	1,864	2,132
Other	17	22	23
Total	2,696	2,941	3,042

^{xxviii} For additional details, please see the Allianz Tax Transparency Report 2018, to be published in May 2019.

^{xxx} Data not included in the assurance scope of the external Sustainability Report assurance. Reporting started with reporting period 2016.

Table CC-1

CORPORATE CHARITABLE DONATIONS

€ mn

As of December 31	2018	2017	2016
Corporate giving total (Cash contributions)	25.8	20.0	19.3

Table CC-2

CORPORATE VOLUNTEERING

hours

As of December 31	2018	2017	2016
Volunteering hours	77,268	80,435	90,728

Table DIG-1

DIGITAL COMMUNICATIONS

%

As of December 31	2018	2017	2016
Share of digital outbound communication ^{xxx}	72.3	65.1	58.8

^{xxx} Digital contract- and claims-related outbound communication to customers, intermediaries, agents and external service providers.

Table NPS-1

CUSTOMER SATISFACTION

%

As of December 31	2018	2017	2016
Net Promoter Score (NPS) greater than local market average or loyalty leadership in their market	74	60	55

SUSTAINABILITY PERFORMANCE DATA:

10.7 REPORTING PARAMETERS, SCOPE AND MATERIALITY

Reflecting our ambition of being the most trusted financial institution, we reflect our values of integrity, competence and resilience in our reporting. We continue with our focus on reporting online, cross-linking to the sustainability section of our website, the People Fact Book and our [Annual Report](#), offering extra financial information.

Content of the report is focused on the key requirements of our stakeholders and sustainability rating and benchmarking providers. The primary target audience of the content of this report is such rating providers, analysts, investors and NGOs. Furthermore, this report contains key insights for our other stakeholder groups such as customers and employees. As outlined in section 01, this report makes links to other documents, disclosing our approach and reporting on our progress.

Our Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards – core option.

The GRI Content Index, available as an appendix to this report is accessible through our website.

Scope of reporting

Our 2018 Sustainability Report relates to the entire Allianz Group. All measures, activities and key figures refer to the 2018 fiscal year (1 January 2018 to 31 December 2018), unless otherwise stated. This is our 18th annual Sustainability Report. Unless otherwise stated, we take operational control as the boundary for reporting. An increasing number of Allianz subsidiaries now publish their own sustainability reports, which are available for download on our website.

MATERIAL ISSUES AND ASPECTS

The key topics to be included in Allianz's Sustainability Report were shaped by our materiality analysis, which satisfies the GRI Principles for Defining Report content (sustainability context, materiality, completeness, and stakeholder inclusiveness). To ensure alignment with GRI Standards, we mapped the outcomes of our stakeholder consultation and materiality assessment with our solutions to the GRI Standards topics. Based on the material issues identified by our materiality analysis, we have mapped the issues to GRI disclosures and identified the upstream and downstream boundaries (see disclosure 103–1 for each material topic in the GRI Content Index).

Detailed references to our approach to each of these disclosures can be found in the GRI Content Index.

GRI Standards Disclosures and Topics	Allianz material solutions
GRI 102 (General Disclosures)	Being transparent on company data
GRI 102–12 (External initiatives)	Committing to global sustainability initiatives and frameworks
GRI 102–13 (Membership of associations)	Engaging internal and external stakeholders in trust-based relationships
GRI 102–14 (Statement from senior decision-maker)	Board and senior management engagement and support Sustainability being part of corporate strategy and corporate culture
GRI 102–15 (Key impacts, risks, and opportunities)	Having efficient business risk management and systematic risk assessments
GRI 102–16 (Values, principles, standards, and norms of behavior) GRI 102–17 (Mechanisms for advice and concerns about ethics)	Having and adhering to own Business Code of Conduct (e.g. on ethics & integrity)
GRI 102–41 (Collective bargaining agreements)	Ensuring respect of employee rights
GRI 201 (Economic Performance)	Being a financially stable, resilient and high-performing company
GRI 203 (Indirect Economic Impacts)	Providing insurance products in developing countries vulnerable to climate change
GRI 205 (Anti-corruption) GRI 206 (Anti-competitive Behavior)	Being compliant with the law (i.e. anti-corruption, bribery, anti-competitive behavior)
GRI 301 (Materials) GRI 302 (Energy) GRI 303 (Water and Effluents) GRI 305 (Emissions)	Reducing environmental footprint from own business operations
GRI 401 (Employment)	Generating jobs and hiring qualified employees Having fair employment mechanisms Having processes for strategic talent attraction and retention
GRI 403 (Occupational Health and Safety)	Promoting employee health and wellbeing
GRI 404 (Training and Education)	Providing training and education opportunities
GRI 405 (Diversity and Equal Opportunity)	Fostering diversity and equal opportunities Supporting inclusive leadership and corporate culture
GRI 412 (Human Rights Assessment)	Integrating ESG criteria in insurance decisions Integrating ESG criteria in investment decisions for insurance assets
GRI 415 (Public Policy)	Taking positions publicly and influencing public opinion
GRI 417 (Marketing and Labeling)	Responsible sales and marketing communications
GRI 418 (Customer Privacy)	Protecting sensitive customer data and privacy

SUSTAINABILITY PERFORMANCE DATA:

10.7 REPORTING PARAMETERS, SCOPE AND MATERIALITY

MATERIAL ISSUES AND ASPECTS CONTINUED

In addition to the material topics matched to the GRI topics, we have identified and reported on the following topics in the report.

Topic	Allianz material solution	Reference
Core Business	Considering risks and opportunities from new technologies	See Group Annual Report, Risk and opportunity report
Customer Satisfaction	Building and promoting an environmental and socially responsible brand	See sections 06.2 Growing with our customers, 06.3 Progressing towards digital by default and 06.4 Protecting our customers
	Ensuring fair treatment of claims	
	Extending digital offerings for customers	
	Improving customer satisfaction	
Employee Satisfaction	Improving employee satisfaction	See section 07.6 Employee engagement
ESG Opportunities Management	Offering green solutions	See section 04.2 Sustainable solutions
ESG Risk Management	Integrating ESG criteria in insurance decisions	See sections 03.4 Embedding sustainability in our insurance and investments business and 04.1 Our approach
	Integrating ESG criteria in investment decisions for insurance assets	See sections 03.4 Embedding sustainability in our insurance and investments business and 05.2 ESG in our role as asset owner

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

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Cautionary note regarding forward-looking statements

The statements contained herein may include statement 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 statement. The company assumes no obligation to update any forward-looking statement.

We welcome your views

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

corporate.responsibility@allianz.com

Click [here](#) to view the Assurance Report.

Click [here](#) to view the GRI Content Index.

Click [here](#) to view the Explanatory Notes.



+ For more information on key Human Resources facts and figures, achievements in 2018 and an outlook for 2019, see the Allianz People Fact Book 2018.



+ For more information on Allianz Group, see the [Annual Report 2018](#).

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