Allianz became a signatory to the United Nations Global Compact in 2002 and is continually committed to upholding the Compact’s principles. Our Sustainable Development Report serves as Communication on Progress (CoP) in implementing the Principles of the UN Global Compact. This document refers and links to the relevant chapters of our Sustainable Development Report 2012 as well as to additional information in the Allianz Group Annual Report 2012 and the Allianz GRI (G3.1) Index Profile 2012.

Statement of continuing support

An interview with Allianz CEO Michael Diekmann

Mr. Diekmann, the financial world has gone through yet another year of crisis management. Does it make any sense at all at the moment to think about the future and sustainability?

**Michael Diekmann:** The financial and debt crisis can do more than any Sunday sermon to reinforce awareness of the value of doing business sustainably. We won’t be able to live beyond our means forever.

How can that be done simultaneously – crisis management and doing business sustainably?

The crisis is an opportunity if, as citizens and consumers, we recognize the need for action and also give government our backing for courageous, long-term policy choices. That goes as much for the EU and global trade as it does for climate protection and demographic change.

What role can the EU play in the future?

The EU is the entry ticket for all its Member States if they want to be global players. China and India each have more than twice the population of all 27 EU countries combined. By 2040, Africa will have more than four times...
the population of the EU – half of them under the age of 24. Those are the basic figures for the competition ahead of us – in which we can be successful only if we join forces and focus on our strengths: research and knowledge, unity and peace, efficient use of resources and sustainability. I think that’s a formula with which the EU can offer a promising future for 500 million people and their trading partners.

Don’t we need to get the financial crisis under control before we turn back to rescuing the climate? The climate won’t wait for us to finish our homework. Global warming is continuing, and storms like Sandy show how ill prepared we are for the consequences. It’s not just a matter of preserving an intact environment worth living in – it’s also a matter of sustainable economic development. The earlier and more systematically we reduce our emissions and improve our energy efficiency, the lower the price we’ll have to pay. And whoever is the first to recognize that and establish reliable conditions to work in will be rewarded with investment, growth and jobs. As an insurer and investor, we’re willing and able to make a significant, reliable contribution toward risk management and funding. At the same time, we use the income from those investments to reinforce our clients’ retirement provisions.

Given low interest rates and rising life expectancies, is it justifiable to be concerned about retirement plans? Low interest rates will leave their mark on retirement plans. But an equally serious factor is that most people start planning for retirement too late and underestimate the financial needs that will be involved in retirement - which these days lasts considerably longer than it used to. Getting started early, with an actively-managed investment portfolio, is the best strategy in a difficult environment like this.

In 2012, non-governmental organizations criticized banks, hedge funds and insurance companies for investing in agricultural commodities. Does Allianz view that criticism as an occasion to rethink its investments? We did review those investments. We don’t invest in agricultural commodities, but serve farmers and buyers as a risk partner in the futures market (where only price risks are traded). In return for a premium, we assume the risk posed by price volatility in the spot markets (where commodities are later traded). In that way we ensure a reliable income for farmers and reliable prices for buyers. In those operations we don’t need to “bet on high prices,” because we can earn our risk premium even if prices are low.

We believe the criticism of Allianz on this topic is unjustified. But I must also say that it has raised our awareness of the problem. In dialog with experts and NGOs, we want to find solutions that will help us address undisputed causes of hunger.

What contribution did Allianz make toward sustainability in 2012, and what’s ahead for 2013? In 2012 and in the years to come, the main focus of our attention has been and will be on four main issues that particularly affect our clients:

- We are supporting the stabilization of the capital markets and the EU by our business activities as an insurer and long-term investor and also with suggestions, based on our professional expertise, regarding better equity capitalization rules in our industry.
- We are addressing demographic change with a broad portfolio of retirement products and by expanding alternative investments. At the Berlin Demography Forum we provide information for the public and meet with representatives of all generations, as well as government and academia, to discuss new paths for a solution.
- We will also continue our work in climate protection. Allianz has been carbon-neutral since 2012. At EUR 1.3 billion, we are one of the leading investors in renewable energy and we plan to expand that contribution. More than 130 green product solutions support our clients in protecting the climate.
- The people most severely affected by the consequences of climate change will be our clients in developing and emerging economies. As the leading agricultural insurer and microinsurer, we are working with our partners on the first satellite system to detect crop damage early, making insurance coverage possible across broad areas.
We signalled our position in 2012 by signing the United Nations Principles for Responsible Investments (UN PRI). By doing that we wanted to make clear to our clients, and also to the corporations in which we primarily invest as our clients’ trustees, that we are paying attention to the sustainability of our investments.

We intend to coordinate our activities as an insurer and asset manager even better in the future. For that purpose, last September we set up an ESG Board (Environmental, Social, Governance) at the top management level. The results from our latest Stakeholder Expectations Survey and our ongoing dialog with leading non-governmental organizations will help us in assessing these and other issues, and in developing options for action.

2012 marked our decade long commitment to the UN Global Compact. Over the years, we made progress in a number of areas and we continue to further advance the Ten Principles on human and labor rights, the environment and anti-corruption within our sphere of influence.

Michael Diekmann,
Chairman of the Board of Management, Allianz Group
Human Rights

Principle 1  Business should support and respect the protection of internationally proclaimed human rights

Principle 2  Business should make sure that they are not complicit in human right abuses

Sustainable Development Report 2012

Managing Sustainability  Suppliers and business partners
Managing Sustainability  Investment community
Our Approach  Demographic change
Our Performance  Governance > Compliance
Our Performance  Economic > Proprietary investments
Our Performance  Social
GRI Index  Social / Human Rights (HR 1-11)

Annual Report 2012

Remuneration Report
Labor

Principle 3  Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4  Business should uphold the elimination of all forms of forced and compulsory labor

Principle 5  Business should uphold the effective abolition of child labor

Principle 6  Business should uphold the elimination of discrimination in respect of employment and occupation

Sustainable Development Report 2012

Managing Sustainability  Employees
Managing Sustainability  Suppliers and business partners
Our Performance  Social > Diversity and equal opportunities
GRI index  Social (HR 1-11, LA 2-4)

Annual Report 2012

Remuneration Report
Environment

**Principle 7**  
Business should support a precautionary approach to environmental challenges

**Principle 8**  
Business should undertake initiatives to promote greater environmental responsibility

**Principle 9**  
Business should encourage the development and diffusion of environmentally friendly technology

Sustainable Development Report 2012

- **Our Approach**: Climate change
- **Managing Sustainability**: Environment
- **Managing Sustainability**: Investment community
- **Managing Sustainability**: Suppliers and business partners
- **Managing Sustainability**: Stakeholder engagement
- **Our Performance**: Environment > Carbon footprint
- **Our Performance**: Environment > Key environmental figures
- **Our Performance**: Economic > Green products and services
- **Our Performance**: Economic > Proprietary investments
- **Our Performance**: Economic > 3rd party asset management
- **GRI Index**: Environment (EN 1-30)
Anti-Corruption

Principle 10  Business should work against corruption in all its forms, including extortion and bribery

Sustainable Development Report 2012

Managing Sustainability  Society
Managing Sustainability  Government relations
Our Performance  Governance > Compliance
Our Performance  Governance > Governance

Annual Report 2012

Corporate Governance Report

References and further information

Allianz Sustainable Development Report 2012
Allianz GRI (G3.1) Index Profile 2012
Allianz Group Annual Report 2012

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