

Allianz Seguros  
**2012 Sustainability Report**

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PRESENTATION

# A global strategy with a local focus



Edward Lange  
CEO Allianz Seguros

**INSURANCE AND SUSTAINABLE DEVELOPMENT** maintain a close relationship. Since the early days of civilization, society has resorted to our products and services in order to develop with security. Throughout the centuries, this operation has taught us to identify risks and propose solutions while maintaining a long-term view. In today's world, with rapid changes in social, environmental, and economic conditions, we have the responsibility of using this knowledge to the benefit of all, promoting innovations that help, for example, manage the challenges and opportunities arising out of demographic and climate changes, and the lack of access to financial services.

This is our main focus at Allianz Seguros, our reason for operating in the country. We have a unique value proposal in the Brazilian market which brings together the values and soundness of Allianz Group, a world leader in the insurance sector with operations in 70 countries worldwide, with specific tactics adjusted to the local reality. This combination has yielded good results, as shown by our growth, above the average for the industry and higher than the economy as a whole.

In this Sustainability Report, the first published by Allianz Seguros, we explain how we implement—and adapt—the group's global strategies.

You will see, for example, that 2012 was one of the most successful years in our history. In addition to generating growth in various segments, while maintaining profitability, we adopted measures that will certainly make us even more competitive. Among these measures, we can name the development of a new technology platform, the simplification of processes, and improvements in products.

Publishing this report is also very important in reinforcing our vision of sustainability in respect to all stakeholders. Our employees have a critical role in the development of an agenda that seeks to make our operations more efficient and our products and services more innovative and suitable to the needs and challenges of Brazilian clients.

We offer, for example, a wide range of eco-friendly products, developed based on a sustainable perspective. These are types of insurance coverage that protect people and companies from losses caused by extreme climate events, in addition to insurance that encourages clients to adopt environmentally friendly measures. For corporate clients, we offer our experience in the prevention of large risks.

In Brazil, we also have the responsibility of supporting social mobility and improvement in the quality of life by forming a private protection network. Allianz Group has two programs that directly cater to this need. Through our microinsurance, 17 million low-income people are protected against unforeseeable events that could send them back below the poverty line. We have also contributed to the financial education of the population through our program My Finance Coach. These two initiatives should soon be launched in the country.

**Plans for the future**

It is our understanding that the insurance industry in Brazil will continue to grow at a rate higher than the economy in the coming years, especially due to the expansion of the Class C population, of small- and medium-sized companies, and investments in infrastructure. Additionally, penetration of our insurance among the Brazilian population is still relatively low. For the Class C population, which represents almost half of the country's population, this penetration is less than 15%. For this reason, Allianz Seguros studies ideal models to develop products and solutions suitable to this market segment.

It is our belief that the development achieved by Brazil and the operational improvements of Allianz Seguros will place us among the largest companies in the market by 2015. Naturally, we want to be sure that this is achieved as we evolve on our sustainability agenda.

Allianz has confidence in Brazil and is prepared to actively participate in the growth of the Brazilian insurance industry, contributing to the country's sustainable development.

Edward Lange  
CEO Allianz Seguros

# Our contributions to sustainable development

## Global Challenges

**ACCESS TO FINANCIAL SERVICES** is instrumental to allow social mobility in a developing world and to help with the economic recovery of Europe and the USA.

**CHANGES IN DEMOGRAPHY** put pressure on public welfare systems in the west. Africa and Asia show strong expansion of the middle-class with a strong concentration in large cities.

**CLIMATE CHANGES** have increased material losses and victims of natural catastrophes. These events generated losses of US\$160 billion in 2012 and are expected to result in the death of 100 million people by 2030.

## Opportunities

 Expansion of small- and mid-sized companies

 Expansion of the middle class

 Micro-entrepreneurship

 Expansion of individual insurance, health plans, and private pension plans

 Insurance of infrastructure and urban mobility projects

 Protection from loss against natural catastrophes

 Migration toward a cleaner energy matrix

## What Allianz is doing

Our portfolio of microinsurance protects over **17 million low-income people** in developing countries and will soon be available to Brazilian clients.

In 2013, we will launch the program My Finance Coach in Brazil, already implemented in other countries, which aims to **provide financial education**.

Through our work, we contribute to the **stability of the capitals market**, including suggestions for regulation of our industry

We offer integrated insurance and assets management solutions, allowing for **long-term individual protection**.

In 2013, we will host the **international forum** on demography in Brazil.

Since 2011, we have held the Berlin Demography Forum, gathering politicians and technical specialists to **debate trends and solutions**.

We have offered development opportunities and recognize the outstanding performance of **our employees**.

In 2012, **we paid out 15 times more insurance** for losses resulting from climate events than in 1980.

We won performance bonds for **36 wind farms** in Brazil. Throughout the world, we have invested €1.3 billion in renewable energy since 2006.

We continuously develop **green products and services**.

We advise our clients concerning the **reduction, preparation for, and prevention** of climate risks.

We incorporate **sustainability criteria** in the management of our assets.

We demand **mitigation plans** for environmental impacts in order to provide insurance for large infrastructure projects.

We assumed the **goal to reduce our CO<sub>2</sub> emissions** by 35% per employee by 2015.

We are investing in the **agricultural segment** in Brazil where less than 15% of cultivated fields are insured.

 Learn more about our global challenges through the website [www.sustentabilidade.allianz.com.br](http://www.sustentabilidade.allianz.com.br)

# An ally of the society

Having contributed for over 100 years to sustainable development in all regions of the world, Allianz has solid growth in Brazil.

**€64.4 billion**

in investments made in compliance with the Principles for Responsible Investment<sup>1</sup> (PRI) of the United Nations.

Reduction of **8.3%** in the energy consumption index per employee since 2010.

**PRESENT IN THE LIVES OF APPROXIMATELY** 78 million people in more than 70 countries, Allianz Group is the largest insurance group in the world, also operating in the market of financial services and asset management. With approximately 144,000 employees, it is one of the 30 largest conglomerates on the planet in terms of revenue and a global leader in credit insurance. According to the ranking of the Global 2000 in 2013, published by Forbes magazine, Allianz ranks 25<sup>th</sup> among the largest global companies.

Founded in 1890 (see details in the table on page 8), Allianz Group is recognized for its financial soundness, tradition, technical and commercial expertise, advanced technology, innovation, and focus on the client. Ethics is one of the core values in the relationship developed with the several stakeholders involved in its activities, including clients, employees, governments, the press, and society. Internally, the company promotes a culture of innovation and high performance, valuing diversity as a competitive advantage.

In addition to offering products and services, the company stands out in the survey of large risks, sustainability studies, and investments in renewable sources of energy. Global challenges, such as climate and demographic changes,

are perceived not only in terms of the risks they pose, but also as opportunities for the company to provide effective contributions to the sustainable development of society.

As a member of International Transparency, Allianz Group supports the United Nations Global Compact and OECD's Guidelines for Multinational Enterprises. The company's best practices in corporate governance and its performance in the social, environmental, and economic-financial areas give the company a presence in the main stock indexes that acknowledge benchmark companies in these areas, such as the Dow Jones Sustainability Index (see more details in the table on page 7), the FTSE4Good, and the Carbon Disclosure Leadership Index. Ever since the Best Global Green Brands was created by Interbrand in 2011, Allianz Group has been classified as the leader in sustainability among companies providing financial services.

#### Allianz, always present

Founded in 1890 in Berlin, Germany, Allianz Group has been present in important events in world history. The company paid out for losses caused by the great earthquake in 1906 in San Francisco (USA) and the sinking of the Titanic in 1912. The company insured NASA's space program and the construction of the Euro Tunnel connecting France to England.



Currently, the company insures several Hollywood productions, as well as productions in Bollywood, India's major movie industry center.

<sup>1</sup> 2006 initiative to promote responsible investments among the managers of resources and other financial market agents.

**Financial soundness, tradition, technical and commercial expertise, advanced technology, innovation, and a client focus.**

## What is the importance of Allianz SE integrating the Dow Jones Sustainability Index?

In 2012, Allianz SE was once again chosen to integrate the Dow Jones Sustainability Index, which gathers the 342 companies considered benchmarks in sustainability among the 2,500 largest corporations traded at the New York Stock Exchange. To compose this index, the economic, environmental, and social performance and the corporate governance practices are analyzed.

Since 2000, Allianz SE has been a part of the DJSI, demonstrating that sustainability is at the core of its business strategies. In 2012, the company's score was 82 points, an increase over the previous year.

Among the practices to be highlighted that contributed to this result are the detection of environmental, social, and ethical risks in the

development of products; the performance of financial inclusion, with insurance products for low-income families and the contribution to the strengthening of insurance systems in emerging economies; a structured approach toward strategic management of its brand and its high level of alignment with sustainability values; and the initiatives to engage stakeholders, including tools to dialogue with stakeholders in order to determine priority topics for their business from the standpoint of their relationship audience.



Allianz Group in numbers in 2012

More than **130** products and services with social-environmental characteristics.

Brand value: **\$6.2 billion** (Interbrand 2012).

**€20.4 million** donated to communities in 2012.

**€1.3 billion** invested in renewable energy.

Reduction of **35.6%** in the carbon footprint per employee since 2006.

**Allianz Seguros**

We have been operating in Brazil since 1904 in the area of elementary insurance<sup>2</sup> and corporate health. We have approximately 1,300 direct employees in 61 branches throughout the country. Approximately 14,000 brokers are responsible for the marketing of our products and services.

In 2012, the operations of Allianz Seguros and Allianz Saúde together totaled R\$3.6 billion, representing a 16% growth rate year-on-year. Our net earnings for the year totaled R\$122 million.

Allianz Seguros, which operates in all areas except Health, VGBL<sup>3</sup>, and DPVAT<sup>4</sup>, had R\$3 billion in net premiums issued compared with R\$2.6 billion in 2011, representing a growth of 16.2% compared with 13.4% growth in the market (source: SUSEP).

Allianz Saúde, which operates in the corporate health area, registered R\$589.4 million in premiums, an increase of 15% over 2011, and net earnings of R\$27.3 million, an increase of 4.6% compared with the same period in the previous year.

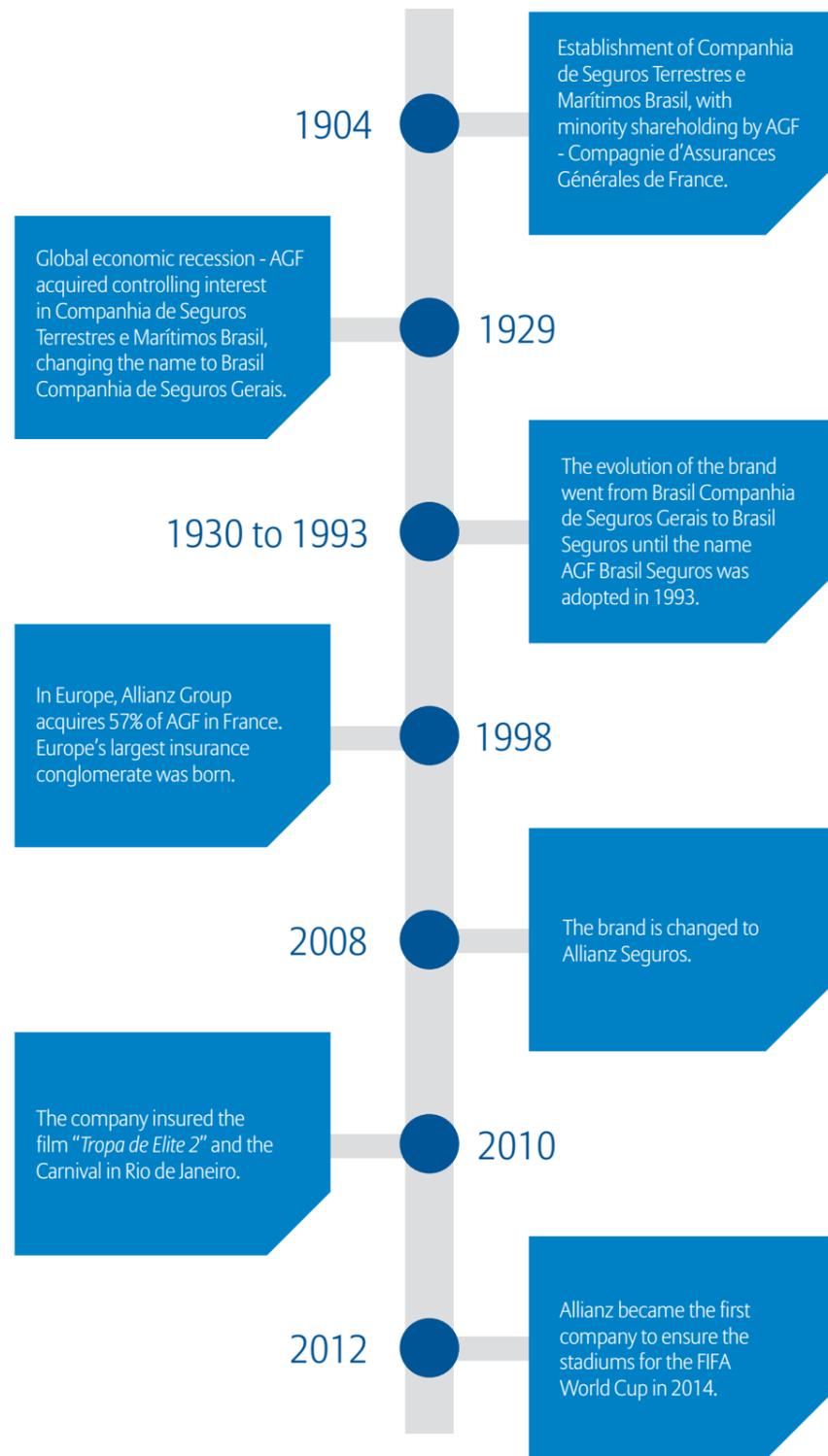
One of the highlights of this performance was in automotive insurance. Allianz exceeded the mark of 1 million vehicles insured in the country. With an increase of 40.8% in the volume of premiums compared with 2011, the auto insurance portfolio (except DPVAT) greatly exceeded the 15.9% growth in the market, according to SUSEP. We moved from the 8<sup>th</sup> to the 7<sup>th</sup> position in the Brazilian ranking of insurance companies, now with 6.7% market share compared with the 5.5% registered in 2011.

<sup>2</sup> Under Brazilian law, the insurance segment is classified into three areas: elementary, life, and health. The elementary insurance includes guarantees for losses, damages, or liabilities on objects or people, and includes personal injury, but not life insurance.

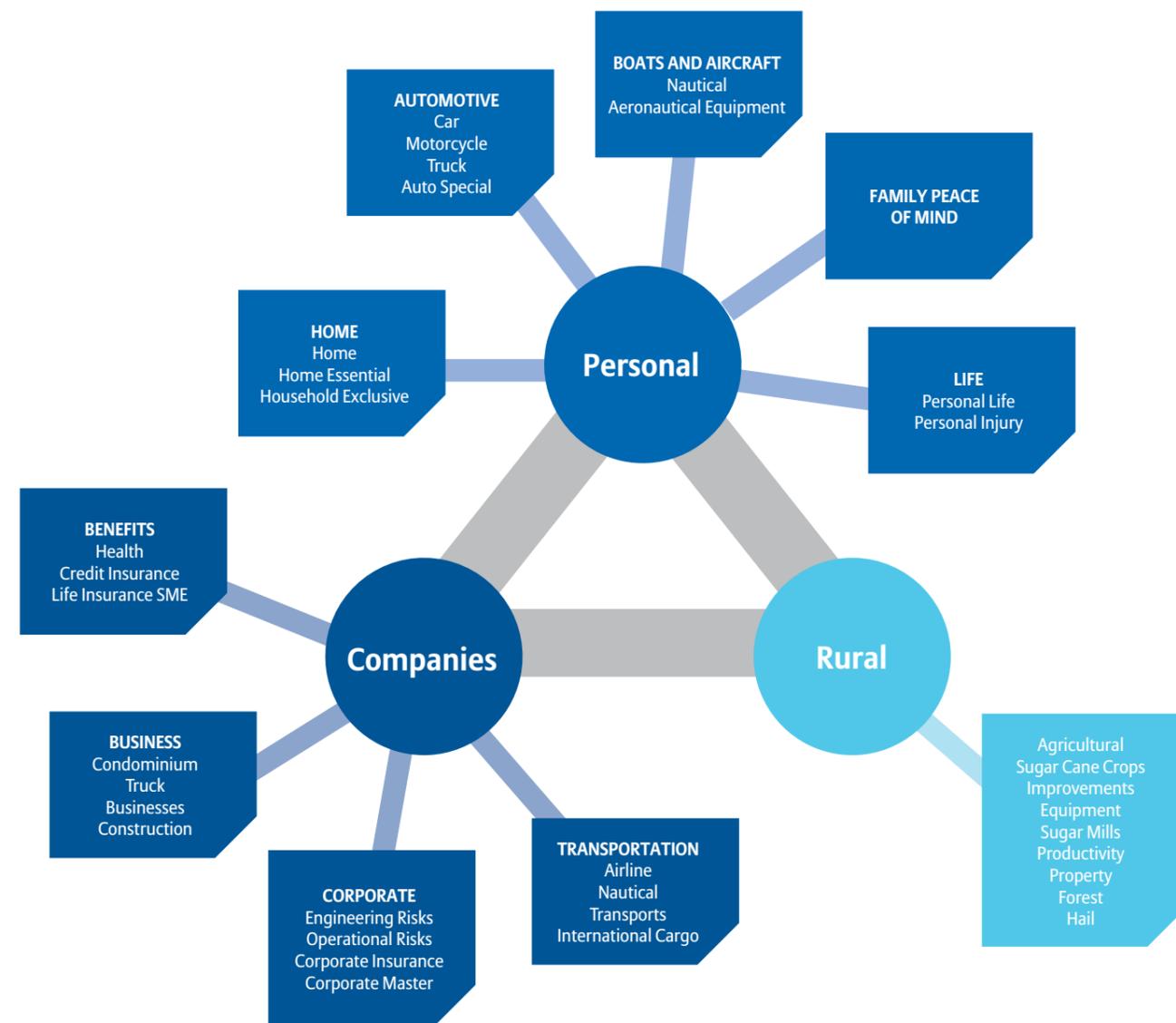
<sup>3</sup> Brazilian acronym for *Vida Gerador de Benefício Livre*, which is one of the forms of private pension plans adopted in Brazil.

<sup>4</sup> A compulsory automotive insurance for third-party liability.

**Allianz timeline in Brazil**



**Segmentation of Allianz Seguros**



**Sustainable development**

In addition to the very nature of preventing risks in the insurance sector, Allianz Seguros' commitment to sustainable development is conducted through our investments in social initiatives, awareness actions, and environmental preservation. Internally, we work with the goal of involving all our employees in topics associated

with sustainability. Among the major initiatives conducted by our company, we point out the Associação Beneficente dos Funcionários do Grupo Allianz Seguros (ABA) and the website Sustentabilidade Allianz ([www.sustentabilidade.allianz.com.br](http://www.sustentabilidade.allianz.com.br)), which are described in more detail on pages 22 and 23.

# A world in transformation

Changes in demography, growing urbanization, and climate change have reflected upon the insurance industry and society at large.

**IT CAN BE SAID THAT THE INSURANCE INDUSTRY HAS** existed since ancient times, always providing a crucial service to society: providing protection from unforeseen events that could lead to tangible and intangible losses. In Mesopotamia (currently Iraq) in 2000 BC, for example, conductors of trade caravans purchased insurance against the loss of animals used in transportation and against potential victimization from thieves or diseases. Merchants in these historic times, such as the Phoenicians, also relied on insurers to protect themselves against dangerous maritime incursions.

Since then, civilization has flourished worldwide in different moments and models. But the activity of insuring has always followed the economic development of societies, fostering investment. In the 20<sup>th</sup> century, the complexity of infrastructure projects, including projects in the energy, industrial, and logistics sectors, increased the importance of the associated social and environmental aspects. Insurance companies, in turn, began to cover losses of this nature, as well as contributing to identifying risks and opportunities in these areas. Consequently, the insurance industry currently fulfills its instrumental role in the quest for sustainable development.

undergone abrupt changes caused by human activities: increasing emissions of greenhouse gases, climate change, and subsequent extreme climate events. In 2012 alone, natural catastrophes resulted in losses of US\$160 billion worldwide. Even more concerning than the financial losses caused by these disasters is the loss of human lives. The number of deaths in these situations is predicted to reach 100 million by 2030, according to the document.

In terms of demography—another threat to global stability—the aging of the population and the disparity in income are two topics of concern. Estimates by the United Nations indicate that the global population over 60 years of age will exceed 1 billion by 2020, making it essential to develop an urgent welfare and healthcare system to ensure quality of life for this part of the population. It is also important to have in mind how to guide the economy toward good performance when a significant portion of the population will no longer be active in the labor market.

Finally, another risk presented in the Global Economic Forum's report concerns failures in global governance, because in an increasingly globalized world, local risks become global risks. The financial downturn in the European countries, for example, had an impact upon economies worldwide.

By enabling financial resources to address these situations, the insurance industry has an instrumental

**1 billion** people over the age of 60 in 2020.

**Major opportunities in risks**

In January 2013, the Global Economic Forum launched the 2013 Global Risk Report, a document that presents the greatest risks to global stability. Among these risks are those associated with natural phenomena that have



**São Paulo, megalopolis**  
Urban centers represent the social, economic, and environmental changes of today.

role in the economic balance of society. In recent years, the sector has also assumed a preventive role, joining the search for solutions, becoming an agent of education and transformation of practices and behaviors, and investing in sustainable businesses with renewable energy projects.

**The moment of the insurance industry**

With the European economy in recession and the economy of the United States showing a slower than expected recovery, 2012 was a challenging year for the global insurance industry. Unemployment in Europe, the banking crisis, and the economic frailty of certain European countries contributed toward this scenario. Even the economic performance of emerging markets, considered a thermometer of the robust growth of past years, showed a decline in 2012. Despite this scenario, Allianz Group had one of the best annual results in its history, in a clear demonstration that it was capable of adjusting its strategies to the market scenario (*see more information in "The steps already taken," starting on page 18*).

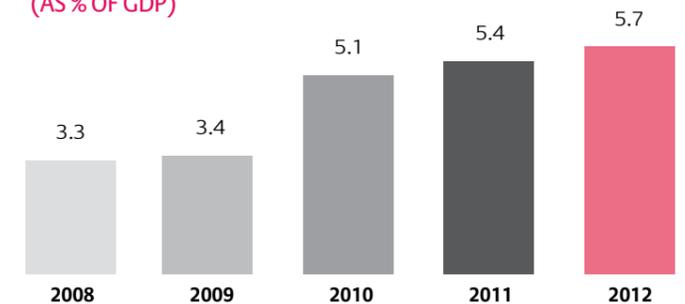
Natural catastrophes had a smaller impact upon the global insurance market than in 2011. Nevertheless, the low interest rate policies and the volatility in the financial markets continued to apply pressure on the yield of investments in this sector.

In Brazil, however, the market is expanding. In 2012, the insurance sector grew by 13.8% compared

with the previous year, according to data from Superintendência de Seguros Privados (Private Insurance Superintendence - SUSEP). Economic stability is the main driver of this growth. It is this stability that guarantees large investments such as the infrastructure work contemplated in the Plano de Aceleração do Crescimento (Government's Growth Acceleration Plan - PAC), the exploration of oil in the pre-salt layer, and the construction and renovation of facilities for the 2014 World Cup and the 2016 Olympic Games, both to be held in the country.

It is also this stability that provides for the growing migration of social classes D and E to class C, increasing the income and purchasing power of the population. With employment and income at an all-time high, people consume more, take better care of their assets and improve planning for the future, investing in pension and health plans.

**SHARE OF THE INSURANCE INDUSTRY IN BRAZIL (AS % OF GDP)**



Source: Susep/ANS

Small- and medium-sized companies represent another segment that benefits from this scenario. The growth rate has remained above 10% in past years, according to data from Instituto Brasileiro de Geografia e Estatísticas (Brazilian Institute of Geography and Statistics - IBGE). Among the benefits that small- and medium-sized companies can offer their employees, for example, are health and life insurance.

In this favorable scenario, projections for the coming years made by the Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização (National Confederation of Private Pension, Complementary Health, and Life Insurance Companies - CNSeg) are optimistic and point to a market growth rate above the average for the economy. The entity estimates that if the GDP growth of 4% materializes, on average, between 2013 and 2015, the insurance market should post growth between 8% and 10%. Infrastructure projects alone that are foreseen to support the growth of the country should receive investments of approximately R\$300 billion in the next five years, according to CNSeg. Projections indicate home insurance growing at high rates as a result of

governmental initiatives geared toward expanding the supply of houses in the market. Insurance for rural activities is expected to grow at rates above 10%, in line with the development of the Brazilian agricultural sector.

As a natural consequence of this growth scenario, the number of companies operating in the Brazilian market also grew, while becoming more competitive. Today there are more than 200 insurance and reinsurance companies operating in Brazil that, together, moved approximately R\$48 billion in 2012 in general insurance (excluding health, individual, open pension, and remunerated plans), also according to CNSeg.

**The impact on growth**

On one hand, the economy offers a favorable perspective for the continuous growth of the insurance industry; on the other hand, there are significant challenges ahead. In terms of demography, the aging of the population puts added pressure on the public and private welfare systems. The average life expectancy of Brazilians has climbed from 62.5 years in the beginning of the 1980s to 73.8 years in 2010 (see charts below). This represents an increase in the number of people who will receive resources from welfare for longer periods of time.

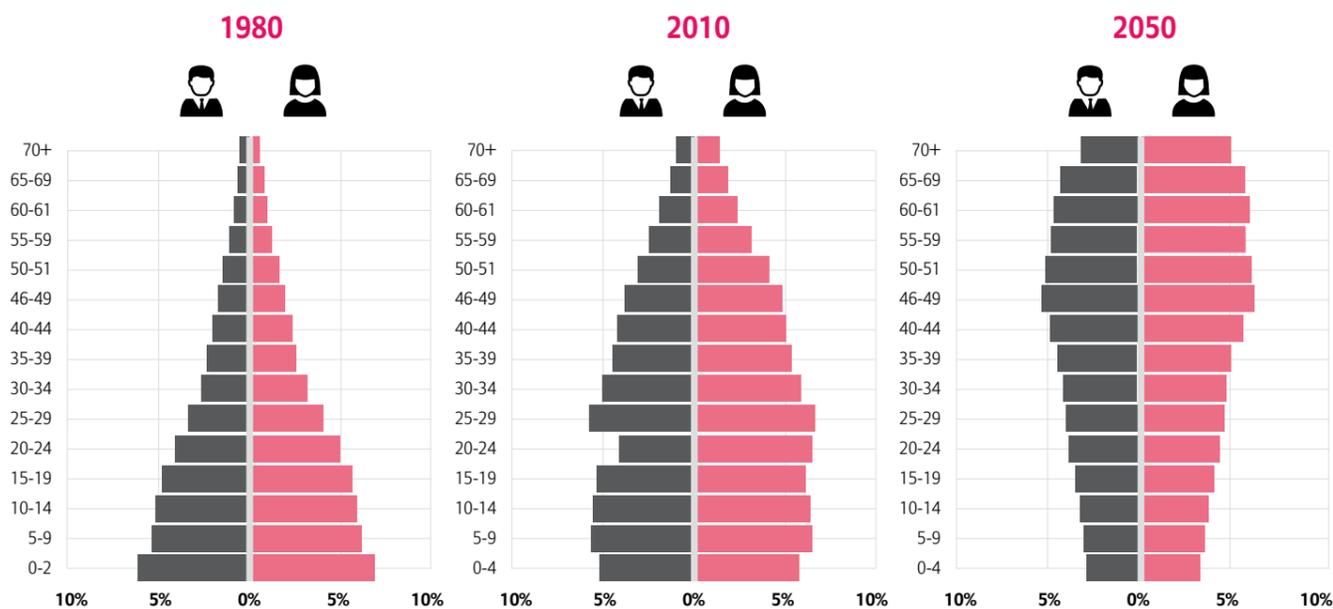
The concentration of the population in cities—attracted by employment opportunities supposedly generated by economic growth—expands urban centers without infrastructure in inappropriate locations. These human needs conflict with nature, and natural catastrophes such as floods and landslides become increasingly more frequent.

**Microinsurance, which is new in Brazil, helps manage risks among the less privileged strata of the population.**

Another aspect that draws attention is the growing indebtedness of the population. With more income, but unprepared to deal with budgetary limitations, Brazilians increase their buying habits which ultimately impact their financial health. A survey conducted by the Confederação Nacional do Comércio de Bens, Serviços e Turismo (National Confederation of Trading of Goods, Services, and Tourism - CNC) in April 2013 indicates that 62.9% of Brazilian families have debts either on post-dated checks, credit cards, overdrawn credit, store financing, personal loans, car finance, and insurance. Of this total, 21.5% have payments in arrears.

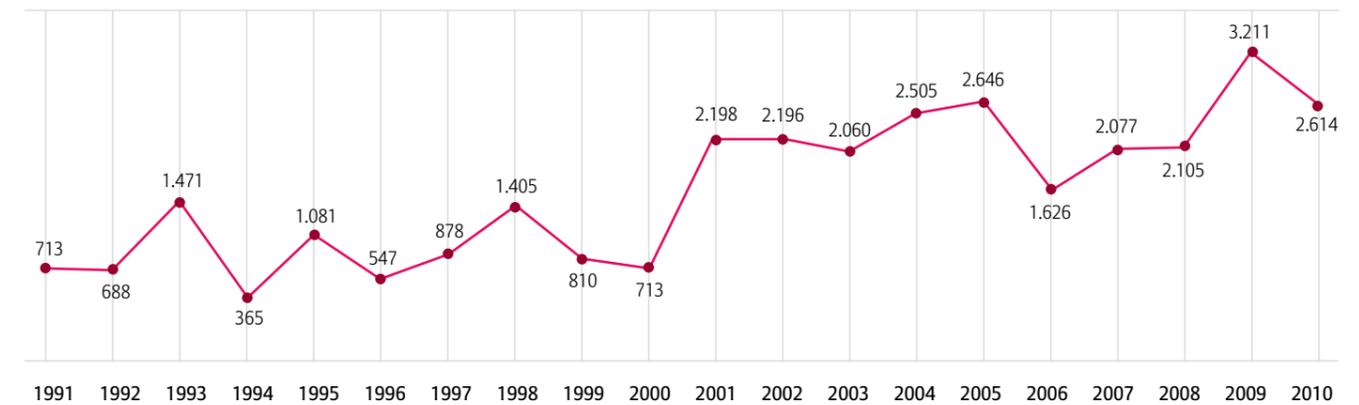
In this scenario, microinsurance—a new category in Brazil geared toward the less privileged strata of the population—appears as a tool to manage the risks associated with accidents, diseases, defaults resulting from unemployment, and losses caused by natural catastrophes, for example. Considering that this population has fewer resources to enable them to recover from eventual losses, which could easily force them to return to below the poverty line, microinsurance helps with the social mobility of these less favored strata, protecting vulnerable populations and fostering economic growth and human development.

CHANGES IN AGE DISTRIBUTION OF THE BRAZILIAN POPULATION



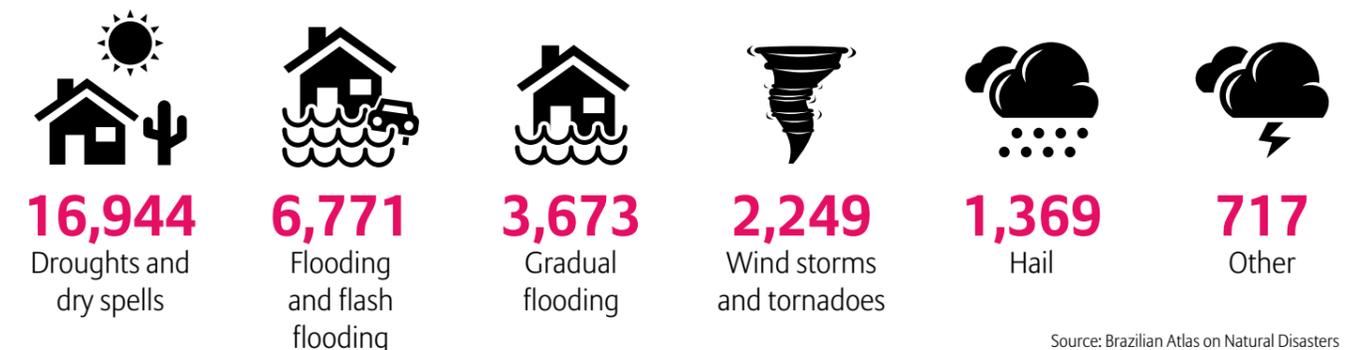
Source: IBGE (2010)

NATURAL CATASTROPHES IN BRAZIL ON THE RISE



Source: Brazilian Atlas on Natural Disasters

MOST RECURRING NATURAL CATASTROPHES IN BRAZIL (FROM 1991 TO 2010)



Source: Brazilian Atlas on Natural Disasters

# In sync with the world today

Major global challenges are considered in our strategies and processes, and the knowledge generated by Allianz is placed at the disposal of society.

## ALLIANZ GROUP WANTS TO CONTRIBUTE WITH

the creation of a positive future for businesses and society through a combination of economic value, environmental management, and social responsibility. It is our understanding that this commitment to sustainable development supports our long-term economic growth and contributes to reinforcing our reputation and brand. For this reason, we strive to find local and global solutions to problems that affect our clients, such as climate change, poverty, safety, and the aging of the population.

To follow this path, we seek to incorporate sustainable practices in all our business processes, policies, and products. We encourage our employees to use natural resources wisely, we develop partnerships with stakeholders, and we try to be completely transparent in our sustainability initiatives.

**€1.3 billion**

has been invested by Allianz Group in renewable energy projects since 2006.

Sharing our knowledge associated with the major topics that threaten sustainable development is one of the practices adopted by the Allianz Group. The website Sustentabilidade Allianz allows Internet users to increase their knowledge about these topics, engaging in and adopting healthy habits for themselves and for the planet. Created by the Group, the portal has local versions in several countries, with content translated from the global version and exclusive information referring to the realities of

each country. In Brazil, we launched the website [www.sustentabilidade.allianz.com.br](http://www.sustentabilidade.allianz.com.br) in 2010, and in 2011 we made several improvements (*more details in "The steps already taken," starting on page 18*).

To stimulate debate in the press about topics associated with sustainability, we offer the Prêmio Allianz Seguros de Jornalismo (Allianz Seguros Journalism Award), which has a category specifically related to environmental changes since 2008.

Our actions have received recognition by society. We were considered the most sustainable financial services company in the world by the 2012 Best Global Green Brand, published by Interbrand. The report focuses on the environmental practices of companies based on consumption surveys and performance data.

## Global issues

Climate change, alterations in demography, and access to financial services are three priority topics for Allianz Group concerning sustainability. These three topics—which are global and of long-term duration—are intrinsically associated with the Group's businesses, as well as with our company in Brazil. For this reason, these topics are constantly monitored and analyzed in search of answers that can ensure our sustainable growth, along with the main benefit our business offers: the security of our client.



**Energy of the present**  
Allianz invests in wind farms and other renewable sources.

## Climate change and the environment

In addressing the challenges generated by climate change, Allianz Group operates on several fronts. As an investor, the group supported renewable energy projects with investments totaling €1.3 billion by the end of 2012. For our employees worldwide, the group established a goal to reduce the emission of greenhouse gases, having achieved a 35% reduction since 2006. In the development of new products, the group offers an increasing number of green products and services to help mitigate or offset the adverse physical and economic impacts resulting from climate change. At the end of 2012, our portfolio of green products had 130 initiatives that covered all business segments (*see table on page 19*).

In Brazil, we are committed to promoting businesses associated with renewable energy. In 2008, when the Agência Nacional de Energia Elétrica (National Electric Energy Agency - ANEEL) held the first bid for wind farm projects, we insured 36 of the 70 projects offered in a clear demonstration of our interest in this field.

In terms of natural catastrophes, which have started to become more frequent in Brazil as a result of climate change and the growing urbanization of the population, we work preventively, refining risk underwriting processes and raising the awareness of our clients about the importance of prevention.

## In Brazil, we insured 36 of the 70 projects for wind farms auctioned by ANEEL.

When catastrophes occur, we offer our clients fast and humane service, seeking to minimize, in the best way possible, the suffering of the affected populations.

For such moments, the Crisis Committee is called and we send in a team to the affected region, also taking suppliers, such as forwarding agents, and offering tow truck services which, in addition to removing vehicles, help in clearing the area. Allianz was a pioneer in providing flexibility in its processes in such events to streamline the payment of loss, given the complexity of these moments. In many cases, as a result of losses caused by such events, the funds received from the insurance represent the only revenue available for these families to restart their lives.

## Changes in demography

Reductions in birth rates and increases in longevity lead to considerable changes in demography. While the active population in the labor market decreases, the need to care for the elderly increases, along with pressures upon the welfare systems.

Allianz Group is committed to studying this topic in detail in order to develop products and services that address this new reality, since many countries also offer financial services and pensions.

Another initiative—geared to society at large—is raising awareness about the impact of these changes. Allianz Group routinely publishes materials concerning the topic and is involved in debates seeking to contribute with solutions to address the issue. In 2011, the group created the Berlin Demography Forum, bringing together specialists in politics, business, academia, and society to discuss issues on demography and to identify sustainable solutions for these challenges.

Financial education and fostering the habit of saving is one way to increase the quality of life of older people. In this sense, Allianz Group has developed a series of actions.

We at Allianz Seguros will begin this educational work in 2013 through the program My Finance Coach (see more details in “Our expectations for the future”, starting on page 26). In 2013, we will also develop

an international forum on demography in Brazil. These two initiatives will help our company bring to Brazil all the knowledge acquired by the Group in this field over the past years, helping this debate move into a more mature phase.

**Financial accessibility**

The initiatives conducted by Allianz Group in the area of access to financial services are focused on supplying microinsurance, which provides the company with financial and social return. Social return includes protection and the inclusion of vulnerable populations.

Operating in this market represents an investment in the security of society as well as in the company’s results in the medium and long terms, since the global middle class should grow from 1.8 billion people in 2009 to approximately 5 billion people in 2030, creating potential consumers of other products offered by the company worldwide.

The major challenge in supplying microinsurance is the financial education of low-income populations.



**Social Responsibility**

Concerning the social responsibility initiatives conducted by Allianz Seguros, one characteristic of our country demands special attention: the precarious access to education and culture. To this end, in 1994 we created the Associação Beneficente dos Funcionários do Grupo Allianz Seguros (Charitable Association of the Employees from Allianz Seguros Group - ABA), which focuses on helping children and adolescents in social vulnerability situations. This initiative has helped more than 5,000 children and adolescents with supplemental school classes, sports, dance, arts, and professional training, enabled mostly by the engagement of our employees (more details in “The steps already taken,” starting on page 18).

To this end, Allianz Group has developed a series of actions using different methods to clarify for consumers how these products work and their benefits.

More than 17 million people in 11 countries are protected by microinsurance products from Allianz Group in Asia, Africa, and Latin America. These products are based on four values conceived in partnership with the German development agency GIZ:

1. Passion for serving the low income market segment
2. Quality in products and processes
3. Fair pricing and treatment of clients
4. Transparency in the approach to microinsurance

We at Allianz Seguros believe in the social role of microinsurance and in the potential of this product as a business. For this reason, we are studying the possibility of operating in this market and further advancing our contribution to the sustainable development of the country.

**Market strategies**

Launched in 2012, the strategy ConquistAZ sets forth the path we have chosen to become a major benchmark in the Brazilian insurance market segment by 2015.

**Operating in microinsurance represents an investment in the security of society and in the results of the company in the medium and long terms.**

One of the major initiatives that will drive us toward this goal is the project AdvanZ, which gathers best global practices in processes and technologies from Allianz Group to increase our productivity and further expand the quality of the services we provide.

In order to grow sustainably, we understand that it is necessary to expand our results without reducing the quality of the products we offer. Our business model is based on the adoption of competitive prices, providing complete products and extensive coverage, ensuring fair remuneration to brokers. The secret of this equation lies in internal efficiency. Therefore, project AdvanZ, which allows for a high level of automation in our processes and will be implemented in 2014, is instrumental in supporting our sustainable growth strategy.

**17 million** people in 11 countries are protected by microinsurance from Allianz Group.



**Green products**

For Allianz Group, green products are those that:

- facilitate technology, for development or the market, which benefits the environment and/or mitigates impacts arising out of climate change;
- are focused on the protection of resources and responsible environmental behavior;
- reduce environmental risks to clients through management, response, and/or counseling.

In 2007, Allianz Group founded the Allianz Climate Solutions (ACS), a competence center for climate change with a focus on renewable energies. ACS offers consulting and advisory services about project financing issues associated with renewable energies to external clients and Allianz local companies worldwide. Furthermore, it is responsible for the development of strategies associated with climate and acts as a catalyst for the development of green products.

Details about our green products in Brazil can be found in “The steps already taken,” beginning on page 18.

# Performing our role every day

Sound financial results and advances in our sustainability agenda marked the year 2012 at Allianz, despite international instability.



**Strict criteria**  
Only projects that offer mitigating plans for social and environmental impacts are accepted.

**35.6%** was the reduction in CO<sub>2</sub> emissions per employee achieved by Allianz Group.

**595 tons** of paper were saved from consumption thanks to the adoption of digital documentation at Allianz Seguros.

**IN 2012, ALLIANZ GROUP ACHIEVED SALES OF** €106.4 billion, and earnings of €9.5 billion. Despite economic instability in certain countries where we operate, all areas of the business posted double-digit growth in operating income in the period.

In Brazil, our results were also positive, allowing for a growth of 17.9% on the year. We believe that the manner in which we conduct our business is responsible for these results. We cannot influence, for example, the risks from natural catastrophes, but we can influence the protection of our clients and the increasing efficiency of our processes. Through this, we achieved positive results.

In terms of sustainability, one of Allianz Group's major achievements in 2012 was the reduction of 35.6% in CO<sub>2</sub> emissions worldwide per employee, compared with the emissions registered in 2006. This calculation includes energy consumption, water, paper, waste, and business trips. Another highlight was the creation of the ESG Committee, led by Jay Ralph, to ensure a management approach that includes environmental and social aspects in corporate governance and in decision-making process throughout the entire Group.

Also in 2012, at the worldwide level, we highlight the strengthening of the Anti-Corruption, Anti-Fraud, and Money Laundering Prevention programs, through our Compliance department, which has been working

to ensure the compliance of routine conduct and procedures to the requirements of these programs.

At Allianz Seguros, the sustainability department works in a cross-sectional form and is a catalyst for various initiatives facilitating the exchange of ideas and the promotion of a corporate culture that is suitable to the challenges of today. In 2012, this structure was incorporated by the Institutional Relations area, as a natural consequence of the evolution in the understanding and initiatives in this area.

Our goal is to reduce CO<sub>2</sub> emissions by 13% as of 2015. To this end, we rely on certain important initiatives, such as the expansion of the 100% digital kit and the inauguration of the new corporate building (*see more details in "Our expectations for the future," starting on page 26*).

One of the main initiatives already adopted to reduce CO<sub>2</sub> emissions is the implementation of the 100% digital kit. By selecting this option when purchasing insurance, the client and the broker receive all documents in a digital version, significantly reducing the amount of paper used for this purpose, consequently reducing the cutting of trees and the emissions resulting from the transportation of the product.

The kit, which is sent by e-mail to the broker and the client, contains the following items: the policy, the

general terms, the services guide, and the membership card. Clients are instructed to register in their cell phones the essential data of the insurance, along with the insurance company's telephone number and the policy number. The service also allows clients and brokers to opt for the summarized kit, receiving the printed form of the membership card and a summarized version of the policy and services guide. Both in the 100% digital option and in the summarized option, clients have access to the full documentation through the Policyholder Portal at any time. The entire process and the documents receive digital certification.

Through this initiative, we have avoided the consumption of 595 tons of paper since 2009. In 2012 alone, we saved 219 tons of paper through the issuance of more than 1.4 million summarized kits and more than 6,000 of the 100% digital kits.

Additionally, this initiative represents an example of how we want to conduct our sustainability culture, since through this initiative we join respect for the environment to the profitability of our business. In this way, we address the interests of all stakeholders and provide a significant contribution to the environment.

**Underwriting, at the core of sustainability**

Our underwriting policy advocates for respect for the environment and human beings. For this reason, only projects that contain plans to mitigate environmental

## Green products in Brazil

Another form of contributing to sustainable development is through the creation of green products (*see definition on page 16*). The Group has actively participated in this initiative and today we have a portfolio that comprises more than 130 products.

PRODUCT	WHAT IT OFFERS
Forest insurance	Protection against losses in planted forests as a result of fires or adverse meteorological conditions.
Crop insurance	Protection for farmers against extreme climate conditions for crops such as soybean, corn, cotton, sugarcane, and wheat.
Operational risks	Technical coverage during the period of construction and in the operating phase of wind farms, solar power plants, hydroelectric plants, and other renewable energy projects with production of up to 30 MW.
Civil liability	Civil liability insurance for all renewable energy projects during the construction and operating phases.
Home insurance	Covers green services such as guidance on eco-efficiency and proper disposal of furniture and appliances.
Performance bonds	Collateral that includes guarantees of supply, obligations, and securities to services providers. This product is used in renewable energy generation projects.

**25** sustainability projects were suggested in workshops with the commercial and product teams.

impacts and those that do not disrespect people are accepted. Based on this policy, the development of products and coverage undergo a series of processes that range from profitability analysis to social and environmental benefits that are offered.

One example of this benefit is “Sustainable Services,” offered to clients of Allianz Residência (home insurance product). This benefit includes guidance on saving water and electricity, as well as recycling, and offers removal and transportation of discarded furniture and appliances. If they are in usable condition, the goods are collected and donated to registered institutions. Otherwise, they are taken apart and sent to recycling. The entire process is approved based on the best sustainability practices, and the client receives a certificate that guarantees the waste was correctly disposed of and recycled.

Between November and December 2012, the first two months of this service, two metric tons of furniture and appliances were properly collected and disposed of.

In the health market, which we operate exclusively in the corporate sector, we highlight the guidance we give on workplace exercising for our clients, and we encourage seeking a second medical opinion. With this, we foster a culture of prevention.

**Gathering the Team**  
CEO Edward Lange at Allianz Seguros makes a presentation during the 16<sup>th</sup> Corporate Meeting in April 2012.



### Risks and opportunities

One of the highlights of the sustainability department in 2012 was the Social and Environmental Risks and Opportunities workshop. Geared toward the sales and product teams, our goal was to promote the development of products and practices that reinforce the culture of sustainability within the company, ultimately bringing together sustainability in business.

The meeting generated 25 ideas—12 of products and 13 of practices—geared toward sustainability. Based on the assessment of the needed investment, financial return, and risks, three of the ideas were selected for a more detailed feasibility analysis.

### Allianz employees, the cornerstone for growth

We see in our employees and brokers the cornerstone for our growth. For this reason, we seek to develop an open and exciting work environment, providing opportunities for development and benefits compatible with the market.

In 2012, we strengthened our employee satisfaction and retention policy, and the results are evident: in 2012 we had the best turnover rate in the past 13 years and employee satisfaction, measured through a climate survey, also demonstrated that we are on the right path.

The 16<sup>th</sup> Corporate Meeting held in April 2012 allowed all employees to watch the presentation of the CEO of the company in Brazil, Edward Lange, and was one of the first bonding initiatives. Additionally, weekly breakfasts are being held with our main executive. Interested employees register themselves and have the opportunity to share with the CEO their experiences, ideas, and insights, in addition to clarifying questions about the business and strategies.

Betting on integration between the departments, we redesigned the 2012 Managers’ Meeting, which gathered executives from the sales teams and guests from other areas, such as human resources, products, and market and strategy management to analyze important points of the company’s sales strategy. We believe that the multiplicity of professionals added to the process and strengthened the feeling of belonging.

In order to contribute to the development of our professionals, we strongly invest in an assessment and coaching process for our executives. Through this, we intend to identify competencies and develop them with a focus on succession planning and excellence in management.

Concerning brokers, we began to develop an initiative that aims to renovate the relationship strategy with this audience, expanding the incentives program and simplifying remuneration. This new way to relate with this audience was implemented in 2013.

Initiatives geared toward employees, as well as those for brokers, strongly relied on communication. Existing communication channels were evaluated and revitalized, in addition to the creation of new channels and media.

### Initiatives for employees:

- **Short Friday:** reduced work hours on Fridays, allowing employees to invest more time in leisure and other personal activities;
- **No Tie:** a change in the dress code of the company, discontinuing the requirement of suit and tie to allow for a more informal daily routine;
- **Work hour flexibility:** an initiative that considers a basic schedule that mandatorily requires the presence of the employees. Outside this basic schedule they have flexibility in their work hours, which allows, in addition to other benefits, employees to avoid rush-hour traffic, improving the quality of life and contributing to urban mobility;
- **Allianz Kids Day:** date when employees bring their children to visit their parent’s workplace, with special programming for children;
- **Flexible benefits:** an innovative initiative in the insurance sector which provides employees the chance to create flexible benefits packages most suitable to their time in life;
- **Benefit packages:** these benefit packages include a six-month maternity leave, sales of vehicles from the company fleet to employees, and salary supplementation in case of sick leave;
- **The Program VivaZ:** a program that focuses on the health of Allianz’s employees. The main tool of the program is the Healthy Curriculum

(Curriculum Saudável), a platform on the intranet where employees register their health data, such as weight, height, personal and family history, as well as other data. Allianz’s health team evaluates the data and offers individualized monitoring to the employee. The idea is to work with prevention, disseminating the quality-of-life culture among employees. The program offers lectures on healthy lifestyles, quick massages, guidance on posture, and sports counseling for those wishing to practice running and hiking;

- **GanhAZ Employee:** an additional bonus program developed for Accounts and Account Executives to increase their income by exceeding goals. Each percentage point exceeding the goal equals 15% of the employee’s salary. Each percentage point exceeded by the branch counts toward increasing the amount of the bonus.

### Initiatives for brokers:

- Expansion of the incentives program through campaigns such as Vida Extra and awarding of Best Sellers;
- Review of the remuneration program, which simplifies the processes and renders the benefits, currently called GanhAZ Broker, more attractive;
- Reward trips to international destinations such as Uruguay, Germany, and Emirates;
- Test Drive in a partnership with Mercedes-Benz;
- Invitation to Formula 1 Grand Prix races;
- Awarding of 1,000 desktops and multifunctional printers.

### Engagement with sustainability

To disseminate the sustainability culture among employees, we conducted the following initiatives:

- **Recycling of paper:** each employee received a box made of recycled PET to separate paper, in addition to information about which items can be recycled;
- **Installation of the Ecofont:** we made Ecofont available to all employees. Ecofont has micro dots that generate 20% savings in printer toner. The micro holes do not interfere in the reading or aspect of the documents and help contribute to the environment. Employees were encouraged to use it as the standard font on Outlook and on the applications in the Microsoft Office suite;

- **Training of the sales force in sustainability:** through role-playing, several routine workplace situations were enacted, presenting alternatives on how to act responsibly, ethically, and sustainably;
- **Corporate carpooling:** in order to contribute to urban mobility and reduce pollution and monthly expenses, while promoting integration among employees of different departments, we launched the corporate carpooling program. Through a partnership with the carpooling website Caronetas, our employees register within the exclusive Allianz group, and the site connects employees with similar commuting routes;
- **Sustainable Christmas tree:** a contest aimed at disseminating the concept of sustainability among employees located at our various branches throughout Brazil. The employees made Christmas decorations by reusing/recycling materials. The three winning branches each won three bicycles and safety accessories, aimed at promoting a low-carbon economy, quality of life, and social responsibility among employees.



**Eco-efficient branch**  
The Ribeirão Preto unit, among others, has environmental differentials

### Eco-efficient branches

In 2010, we initiated the planning for more environmentally efficient branches. The offices in Porto Alegre (RS), Ribeirão Preto (SP), and São José do Rio Preto (SP) were the first conceived under this new guideline, receiving differentiated material in their construction and providing creative solutions for the buildings.

Among the solutions adopted by these branches are: solar panels for the generation of clean energy; furniture made with certified wood; air conditioning systems with eco-friendly gas that does not cause emissions of chlorine-based substances (harmful to man and the environment); LED lights that consume 50% less energy and last 10 times longer than conventional lights; selective waste collection; luminaires made out of recycled toothpaste tubes; reuse of rainwater; restrooms with dual flush toilet bowls that provide savings of up to 40% in water usage; automated taps and regulation of water pressure.

### Our commitment to the prevention of risks

In our relationship with the external audience—clients and society at large—we assumed an active role in disseminating knowledge about the prevention of risks. This attitude is in line with Allianz Group, which also develops several initiatives to this end. In our company, the strategy behind these initiatives is interacting with our audience.

One of the highlights of this culture is the website Sustentabilidade Allianz ([www.sustentabilidade.allianz.com.br](http://www.sustentabilidade.allianz.com.br)), conceived by the Group and adapted to the Brazilian reality. The portal gathers and shares information associated with global issues that we deem important for our business, such as climate change, renewable energy, changes in demography, health and well-being, pollution, urban mobility, and safety on the streets, among others.

Launched in 2010, it was enhanced the following year to facilitate browsing and have a more attractive layout. In order to offer more relevant content to the Brazilian reality, a team of journalists was hired to prepare the articles.

The game CEO<sub>2</sub> is one of the highlights of the website, in which Internet users can assume the role of a major executive in a large company with the responsibility

of maximizing profits, reducing CO<sub>2</sub> emissions, and developing low-carbon products by 2031. As each choice is made, a scenario is developed. At the end of each phase of the game, the player is evaluated by four different stakeholders: shareholders, researchers, clients, and environmentalists.

Another attraction on the website is an interactive animation about demographic issues, through which users are invited to imagine what the world will be like for the seven billionth person born. On a spinning globe, players choose the location where they believe the person was born. Based on this choice, players receive information about the population of the country, poverty, access to water, urbanization, and life expectancy in the country.

The portal also brings a series of easily applicable tips in people's routines, such as ways to reduce pollution, comprehensive utilization of food, safe driving and driving habits that are more favorable to the environment.

### Other prevention initiatives

Through the Drive Safely platform, we developed campaigns about safety in traffic. One of the initiatives of this platform is the game Live Frog, made available on our Facebook webpage in 2011 and 2012. The game challenged players to guide a frog crossing an important city street in São Paulo or Rio de Janeiro amidst cars, trying to keep the frog from being run over. During the launch of the game, traffic on the avenues was shown live through cameras installed on-site. Later, these images were placed on file for players to continue playing the game.

The game had five phases with different characters—the frog on foot, on a skateboard, talking on a cell phone, sleepy and elderly—representing the levels of difficulty of the match and the different dangers in traffic. At the end of each attempt, the player would receive tips on safety.

The risks of DUI were also a topic of one of our educational programs in 2012, with the campaign Drunk Mirror. We installed a mirror in a bar in São Paulo in which the images reflected were shown with a delay of approximately 2 seconds, creating an effect similar to the delayed reflexes of somebody under the influence of alcohol. The person would then receive information about the risks of mixing alcohol and driving. The videos



**Don't drink and drive.**  
The Drunk Mirror action by Allianz was a success.

showing the reactions of people were shared on our social networks, rapidly reaching the mark of 1 million views.

Distraction while at the wheel was another topic covered by the Drive Safely platform through Drive Master. In this race simulator, players were invited to drive a car from the Mercedes AMG Petronas team while interacting with driver Nico Rosberg. A study conducted by the Allianz Center for Technology (AZT) showed that handling the cell phone is the largest cause of accidents among youths between 18 and 24 years of age. While the player drove the car, Nico Rosberg sent messages through social networks, sent text messages, and even called the players, all inside the virtual platform. The level of concentration of the players, which affects their driving, was measured by a technology that takes readings of their eyes and face through a Webcam. Their concentration during a call was equivalent to 0.8 mL of alcohol in the blood stream. The Drive Master application is available at [www.facebook.com.br/allianzbrasil](http://www.facebook.com.br/allianzbrasil).

### Social responsibility

Associação Beneficente dos Funcionários do Grupo Allianz Seguros (Charitable Association of the Employees from Allianz Seguros Group) is the main social responsibility initiative of our company in Brazil. Geared toward priority treatment of kids and adolescents in low income families and with extreme social vulnerability, the entity provides the opportunity for personal and social growth through education. Established in 1994, the initiative has helped more than 5,000 people throughout its history.

The association offers children and adolescents activities and sports, fine arts, dance, computer technology, and school enrichment outside of school

### Scope of our prevention initiatives

**Live Frog**  
**300,000** games played in two years.  
**90,000** players.  
**4** advertising awards.

**Drunk Mirror**  
**1 million** views on social networks.

**Drive Master**  
More than  
**36,000** players.

**85%**  
of the youths  
trained by ABA  
entered the  
labor market.

hours. Adolescents also have the opportunity to participate in professional training programs that will facilitate entering the labor market. For adults and the elderly, the entity offers basic courses on computer technology.

In 2012, ABA expanded its actions, increasing its capacity by 53%. Two new projects were created: Núcleo Infantil Vida Nova (Vida Nova Child Center), which supports children from ages 4 to 6 with classes on

## Green Repair Shops

We are also interested in contributing to sustainability in our business chain. We initiated this process through the project *Oficinas Verdes* (Green Repair Shops), whose objective is to promote and help the auto repair shops that serve us to improve their environmental practices.

By means of consulting from Centro de Experimentação e Segurança Viária (CESVI), we offered a diagnostic conducted by specialized professionals for repair shops in Ribeirão Preto (SP), Recife (PE), Salvador (BA), and Curitiba (PR), showing the steps necessary to advance in this area. Based on this diagnostic, the repair shops began the implementation of certain activities intended to improve their processes.

In 2012, we expanded this initiative to a greater number of repair shops through a partnership with SEBRAE-SP. A workshop presented to repair shop owners the benefits of adopting sustainable processes and the means to achieve these processes.

Another environmental protection action that we are conducting in Brazil, associated with auto insurance, is the care directed to the proper disposal of parts and materials from cars we insured that had resulted in total loss. In partnership with the company from the state of Minas Gerais, Reciclagem Megaforte, we sent the scrap metal, plastic, aluminum, batteries, and tires for recycling or disposal. In 2012, approximately 200 tons of this material received proper disposal.

classical ballet, fine arts, and a playroom; and the Núcleo Digital (Digital Center), for adolescents from ages 14 to 17 with classes on digital arts and multimedia.

One of the goals of the project at ABA is its self-financing. Our company does not directly invest resources in the maintenance of the activities of the association. Our executives and employees are part of the board of directors and the work committees, placing their administrative, managerial, and mobilization know-how at the service of the organization, thereby enabling the funding to support qualified training to more than 540 people attending annually. Additionally, many employees make donations to the entity directly from payroll.

The professional training courses offered to adolescents have greatly contributed to their inclusion in the formal labor market, providing effective changes in their lives.

Since the beginning, in 2007, a total of 90 youths have been trained, and 85% of them have entered the labor market. Allianz hires many of these youths as apprentices.

In 2012, an important event at ABA was the visit of the honorary ambassador of Bavaria and former left-defender of the winning German national soccer team in the 1974 World Cup, Paul Breitner. Bavaria is the largest state in Germany, and a committee formed by businessmen and the prime minister of the region, Horst Seehofer, came to Brazil by invitation of the government of the state of São Paulo, aiming to establish closer relationships between the two regions in the areas of politics, the economy, and science.

During the visit to ABA, Breitner played football with the kids and recognized the value of the work being conducted by our social project. "I think it is very important for the entity to offer sporting activities. By being in contact with each other, we reinforce important aspects for the development of the personality, such as respect, tolerance, and partnership."

### Blood Friends

Another social responsibility initiative in 2012 was the development of an application for Facebook, Blood Friends, in partnership with the Fundação Pró-Sangue (Blood Drive Foundation).

The application places blood donors in contact with blood banks. Donors enter their name, zip code of their homes or workplaces, and blood type. When this specific type of blood is needed, the blood bank calls on registered donors located within a 5 km radius of the site for donation.

The "social app" format motivates users who can follow objectives such as number of donations, referrals, and registered friends. During the period between donations (60 days for men and 90 days for women), users can share and communicate the concept in their social network. Every time the goal is reached, the user is awarded a symbolic virtual medal in recognition of their performance.

The application is available on the website [www.facebook.com/amigosdesangue](http://www.facebook.com/amigosdesangue). From July, when the app was launched, to December, the fan page obtained 150,000 fans and 8,000 visitors registered for the application.

### Incentive laws

Through fiscal incentive laws, we sponsored projects and events in 2012 associated with the strengthening of culture and quality of life. In the cultural area, we sponsored the Mozarteum Association and the German Orchestra Music project of the Tatuí Conservatory.

The Mozarteum is one of the most prestigious cultural associations in the country. It works to promote and disseminate musical culture. Sponsorship from Allianz enabled 13 concerts in 2012. The sponsorship of the German Orchestra Music project of the Tatuí Conservatory takes concerts to the outskirts of Tatuí and São Paulo. Thirteen concerts were held throughout the year.

In terms of quality of life, our contribution came through our support of Circuito das Estações, one of the main street events in Brazil, which promotes races in Belo Horizonte (MG), Brasília (Federal District), São Paulo (SP), and Rio de Janeiro (RJ), with the participation of more than 35,000 runners.

### Recognition and awards received by Allianz Seguros in 2012

#### Segurador Brasil Award

- In the *Best Performance in Housing Risks* category
- In the *Market Leader in Sales of Risks in Condominiums* category



**Conscientious All-Star Player**  
Paul Breitner, honorary ambassador of Bavaria and the 1974 world soccer champion with the German national team, on his visit to Brazil.

#### Festival Iberoamericano de La Publicidad (Fiap)

- "Sol de Ouro" in the *Interactive* (Internet) category for the game Live Frog

#### Wave Festival (organized by Meio e Mensagem)

- Gold award in the *Online Game* category for the game Live Frog

#### SINDIREPA Award

- Silver award as the second best insurance company

#### Melhores do Seguro Award

- In the *National Highlight in the Condominium Portfolio* category

#### Lide Agronegócios Award

- In the *Insurance* category

#### Maximídia Award

- In the *Best Use of Digital Media* category for the game Live Frog on Facebook

#### Top of Mind Estadão in HR

Allianz ranked among the top five

#### Carta Capital – Empresas mais admiradas do Brasil (Most Admired Companies in Brazil)

Allianz ranked fourth among the insurance companies

#### Revista Cobertura Award

- In the *Best Economic-Financial Performance in the Maritime Insurance Portfolio* category
- In the *Best Economic-Financial Performance in the General RC Insurance Portfolio* category

# New roads for growth

Innovative products that give a greater portion of the population access to insurance are the strategies for Allianz to grow together with Brazil.

#### BASED ON THE CONCEPT THAT INSURANCE IS

instrumental in protecting society and our growth strategy, ConquistAZ (see more details in *Our path, starting on page 14*), which will make us a benchmark in the Brazilian market with sales of R\$5.8 billion in 2005 (twice the sales volume registered in 2010). A series of changes are underway and will impact our future. We want to grow together with Brazil, and the basis for this growth lies in changing our commercial positioning, which will be geared toward retail.

In line with the sustainability drivers of Allianz Group and with our understanding of this specific moment in Brazilian society, our company is using its market

expertise to bring microinsurance to the country. The concept behind this product is to protect social development, contributing to maintaining the positive trend shown in Brazil in the past years, with approximately 40 million people ascending to the Class C strata of the population. Considering that this portion of the population has fewer resources to recover from eventual losses, microinsurance supports this ascension, benefiting economic growth and human development.

Another area that will receive special attention in coming years is agriculture. It is estimated that today, less than 15% of cultivated fields in Brazil are insured.

#### MICROINSURANCE FOR ALLIANZ GROUP:



More than  
**17 million**  
people insured



Present in  
**11 countries**  
worldwide – Asia, Africa,  
and Latin America



Sales of almost  
**R\$ 200 million**

We consider that this rate is a threat to the economy and, consequently, to Brazilian society. Therefore, we see in Brazilian agriculture a potential for growth which is in line with our sustainability goals.

In terms of health insurance, we will start to offer new coverage that will allow more people to have access to our products. Our main differential will remain the initiatives toward prevention, which provide benefits not only to policyholders but also to companies who buy our products.

In this area, we have made great efforts to maintain prices compatible with what is happening in Brazil and

to work annually on making readjustments based on the country's inflation and not the inflation in medical services, which has constantly been higher, restricting access to this service.

#### Respect for the environment

Considering environmental aspects, Brazil has numerous possibilities for sustainable growth in the insurance sector. While abroad wind farms and investments in renewable energy are consolidated, in our country there is still much room for advancement. We rely on the experience of the Group to make us more competitive and offer innovative products in the market.

## What is microinsurance?

Microinsurance is considered the first step in covering people who have never had access to insurance. In other words, its target audience is low-income consumers for whom specially-designed coverage was developed to provide support in situations of economic trouble in their domestic budget, resulting from death, extended illness, or permanent disability.

Brazil offers the principal indicators for an accelerated expansion of microinsurance, starting with a large market formed by a low-income population and a variety of distribution channels, which are essential to good development. Among specialists, there is a consensus that Brazil has the largest voluntary market for microinsurance, represented by a population of approximately 100 million adults. There is a host of coverage types that cater to this market niche, reducing the vulnerability of the low-income population, which is in the majority.

In June 2012, the Superintendence of Private Insurance (SUSEP) published the rules that regulate microinsurance, establishing the legal framework for operating in this market by addressing the creation of the microinsurance broker, the use of correspondents to market the product, and the value of the insured capital.

Source: CNSeg



## Expansion of the Brazilian middle class

- 53% of the 197 million Brazilians (104 million people) are considered middle class;
- This has increased by 37 million over the past 10 years;
- 70% are housewives; 37% own cars; 49% have access to the Internet;
- 63% are between 17 and 60 years of age;
- Average income is R\$ 1,600 to R\$ 3,000/month;
- Low consumption of insurance:

- 15% homeowners insurance
- 34% auto insurance
- 37% life insurance
- 25% health insurance
- 9% dental insurance

## The inauguration of the new corporate building will streamline processes and provide comfort for our employees.

Of the 72 wind farms auctioned by the National Electric Energy Agency (ANEEL) in Brazil, we won half of them in performance bonds which qualifies us to provide engineering performance bonds for this type of development. We are alert for new opportunities in this market in order to expand our presence in the country.

Urban mobility projects are also an object of our attention, since we understand that they are a major contributor to sustainable growth, especially in large cities, and impact the quality of life of people and the economy as a whole.

Finally, completely aligned with the goals defined by Allianz Group, we continue our efforts to reduce our CO<sub>2</sub> emissions. While the goal for the Group is to reduce CO<sub>2</sub> emissions by 35% per employee by 2015, our objective is to achieve a 13% reduction per employee.

### Our team

Our idea is to increasingly provide better work and development conditions for our employees. To this end, several initiatives are already underway, aiming to reduce turnover by 50% based on the baseline year of 2011. We want our employees to feel proud of their workplace.

One of the future initiatives for achieving this goal is the inauguration of the new corporate building, scheduled for the second half of 2013, which will have 20,000 m<sup>2</sup> on 16 floors, integrating the two offices in São Paulo, which currently occupy two different buildings. With this, we will streamline our processes and provide comfort for our employees.

The construction, which has Leadership in Energy and Environmental Design (LEED) certification, has elements that allow for the saving of water and energy resources. One such resource is the green roof, which in addition to increasing the volumetric heat capacity, reduces the heat sink effect, retarding the runoff



of rainwater. In the external areas, whenever possible, a permeable surface was adopted for the same purpose.

Captured water passes through a treatment station and is used in the so-called green taps used to wash common areas, to water plants, and in the chiller of the air-conditioning unit. There are also studies underway for using water from the water table to cool the various environments.

In order to make full use of natural light, the glass on the façades are less reflective than conventional glass. To avoid excessive absorption of heat, they allow for the passage of light, but not for the solar rays responsible for heating.

Another initiative that will stand out in 2013 will be the launch of the Alliance Corporate University (Universidade Corporativa Allianz) that aims to create an environment of excellence in training that will allow our employees to add and share knowledge toward continuous and sustainable development of their careers and the company.

### Commitment to financial education.

In 2013, we will implement the My Finance Coach program in Brazil, which has already been developed by Allianz Group in other countries, aiming to offer financial education. This is an important issue in developing countries, considering the changes in demography that greatly increase pressure on the public welfare system.

Teaching people how to save and plan for the future is a form of contributing to the construction of a more sustainable society from a demographic standpoint.

The My Finance Coach program will provide financial education to students of the public and private school networks in Brazil through classes taught by our employees who will be specially trained for this task.



## Our stronger brand

We believe that strengthening our image with brokers and clients is instrumental to achieving our expected growth. In this sense, we will develop over the coming years a series of effective marketing and communication actions aimed at placing the Allianz brand closer to the Brazilian population.

An important initiative to this end was the acquisition of naming rights for the new stadium built for the football team Palmeiras—the Allianz Parque—in São Paulo, in the first half of 2013. In line with Allianz Group's practice, which retains naming rights for four additional stadiums in the world (Allianz Arena, in Germany; Allianz Stadium, in Australia; Allianz Park, in England, and Allianz Riviera, in France), the acquisition reinforces our brand by associating the Allianz name with football, a true passion for Brazilians.

36

wind farms in Brazil have performance bonds from Allianz.

13%

reduction in CO<sub>2</sub> emissions is the goal for Allianz Seguros for 2015.

**General coordination**

Ingo Dietz  
 Claudia Rheinfranck  
 Monika Littig

**Editorial production**

Lead Comunicação

**Copy**

Denise Angelo

**Editing**

Gustavo Magaldi

**Review**

Kátia Shimabukuro

**Graphic design, layout, and production**

Guizo Design

**Pictures**

Divulgação Allianz

**Printing and finishing**

Elanders

**Translation**

Gotcha Idiomas

**Allianz Seguros - headquarters**

Rua Eugênio de Medeiros, 303  
 CEP: 05425-000 - Pinheiros - São Paulo - SP

**Direct Line Allianz Seguros**

3156-4340 (SP Capital and Greater São Paulo)  
 0800 777 7243 (other regions).  
 Available Monday through Friday from 8:00 am to 10:00 pm, and Saturdays from  
 8:00 am to 2:00 pm

**Ombudsman**

Mail should be addressed to: Ombudsman's Office– ALLIANZ SEGUROS S/A  
 PO Box 34.207 – CEP 05074-970 - São Paulo – SP  
 Telephone: 0800 771 3313  
 Calls from people with hearing or speech impairments: 0800 121 239

**Offices and Representatives in Brazil**

**Amazonas:** Manaus; **Bahia:** Feira de Santana, Salvador, and Vitória da Conquista;  
**Ceará:** Fortaleza; **Distrito Federal:** Brasília; **Espírito Santo:** Vitória; **Goiás:** Goiânia;  
**Mato Grosso:** Cuiabá; **Minas Gerais:** Barbacena, Belo Horizonte, Juiz de Fora, Poços  
 de Caldas, Pouso Alegre, Uberaba, Uberlândia, Valadares, Varginha; **Pará:** Belém;  
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 Campinas, Jundiá, Marília, Mogi das Cruzes, Piracicaba, Ribeirão Preto, Santo André,  
 Santos, São Carlos, São José dos Campos, São José do Rio Preto, and São Paulo.

**Information about the Sustainability Report**

sustentabilidade@allianz.com.br

