

Allianz Brasil

2013
SUSTAINABILITY REPORT

A journey from A to Z
through sustainability





FOREWORD

This is the second consecutive year Allianz Brasil has published its sustainability report. The company believes that the reporting process helps strengthen communication with its main audiences, in addition to contributing to the identification of opportunities for improvement of its practices.

The main innovation of this publication is its adherence to the principles of the Global Reporting Initiative (GRI), a multi-stakeholder organization that established the generally accepted international sustainability reporting standards. Based on these principles, Allianz Brasil will begin to monitor and disclose its progress in the economic, social, and environmental spheres.

The main facts about the company, its strategies, and perspectives are described herein. On page 17, you will find the results of consultations with groups of stakeholders about the most relevant topics for Allianz Brasil. Throughout this report, you will join us on our A-Z Sustainability Journey, the Allianz Group's global sustainability platform.

We expect our next sustainability report, the 2014 report, to be even more aligned with the GRI guidelines, including more detailed information about the company's management and performance. For further information or suggestions, please contact us at sustentabilidade@allianz.com.br.



Volunteers during a financial literacy class in the My Finance Coach program.

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OPENING MESSAGE

Consolidation for continued growth

Brazil is a strategic market for the Allianz Group. Increased income and a high level of employability have shifted families into a new reality, with greater access to goods and services. At the same time, the population is experiencing an upward trend in aging, creating additional pressure on the retirement system. This scenario has provided opportunities for the insurance industry, which has grown above the average economic growth rate in recent years. And there is still much to be achieved.

Allianz Brasil is active in the Brazilian ever-growing society. Since 2008, the company has doubled its revenues. Our value proposition is unique in the domestic market, combining the solidity and tradition of the Allianz Group, a global leader in the insurance industry with written premiums, operating in over 70 countries, with products and services especially developed for specific realities.

In 2013, Allianz Brasil took important steps to ensure that this growth is supported in the long term. We increased our focus on retail, which, we believe, is the main area of opportunity in the years to come. Additionally, we are recognized for our expertise in the Corporate, Agro, and Large Risk segments.

We also started the implementation of the Advanz information technology platform, which has already shown good results in countries such as Spain and Portugal and will allow for greater efficiency in operation, reducing costs, streamlining and standardizing processes, and improving the quality of services. After stabilization, it will certainly improve customer satisfaction and the engagement of brokers.

Another major highlight for Allianz Brasil in 2013 was our moving into the new corporate headquarters, located in a building especially designed to host all our administrative operations in the city of São Paulo. This will certainly foster synergy in our processes and integration among the members of our teams, increasing our efficiency and competitiveness.



The year 2013 was also marked by the fact that we earned the naming rights for *Allianz Parque*. Through this agreement, our brand will be more visible in the daily lives of Brazilians.

The focus on sustainability also improved. The highlight of this performance was the implementation of the financial literacy and corporate volunteerism initiative, called My Finance Coach. In the first year alone, the project benefited more than 2,000 students and mobilized more than 10% of our employees, who taught classes in public and private schools.

We are fully confident that we are on the right track in being the benchmark company in the insurance industry in Brazil. We have an engaged and committed team, an internal culture that offers possibilities for career development, differentiated products and services, and the strength of the Allianz Group to support us. Additionally, we are a company committed to contributing to economic, environmental, and social development, here and around the world.

Miguel Pérez Jaime, Allianz Group Executive

PROFILE

Tradition and the pioneering spirit

The Allianz Group's solidity and the products developed especially for the Brazilian market form a unique proposal

CELEBRATING 110 YEARS IN BRAZIL IN 2014,

Allianz is recognized in the country for the high quality of the products and services it provides to approximately 1.2 million clients in the rural, personal, and corporate segments. With 51 branches and 27 representatives over the country, Allianz counts on more than 1,400 direct employees supported by more than 16,000 insurance brokers.

Allianz Brasil is a part of the Allianz Group, one of the largest financial services companies in the world, with operations in more than 70 countries serving more than 80 million clients. Worldwide, the company has 141,000

employees working to provide innovative solutions in private and business insurance (car, personal injury, home, travel insurance, life, health, retirement, and large risks). In 2013, the group's revenues achieved over €110.8 billion.

As a company connected with global challenges, among which are climate and demographic changes, and access to financial services, the Allianz Group seeks to develop an organizational culture in which sustainability plays a key role in its businesses and relationships. Through this, the group expects to generate lifelong value and to contribute to sustainable development (*More in the Sustainability Vision section*).

Best practices in the environmental, social, economic, and corporate governance areas help place the Allianz Group at the forefront of the main indexes that recognize benchmark companies in these areas, such as the Dow Jones Sustainability Index, FTSE4Good, and the Carbon Disclosure Leadership Index. Since the Best Global Green Brands report was released in 2011, the company has been ranked as a leader in sustainability among the companies providing financial services.

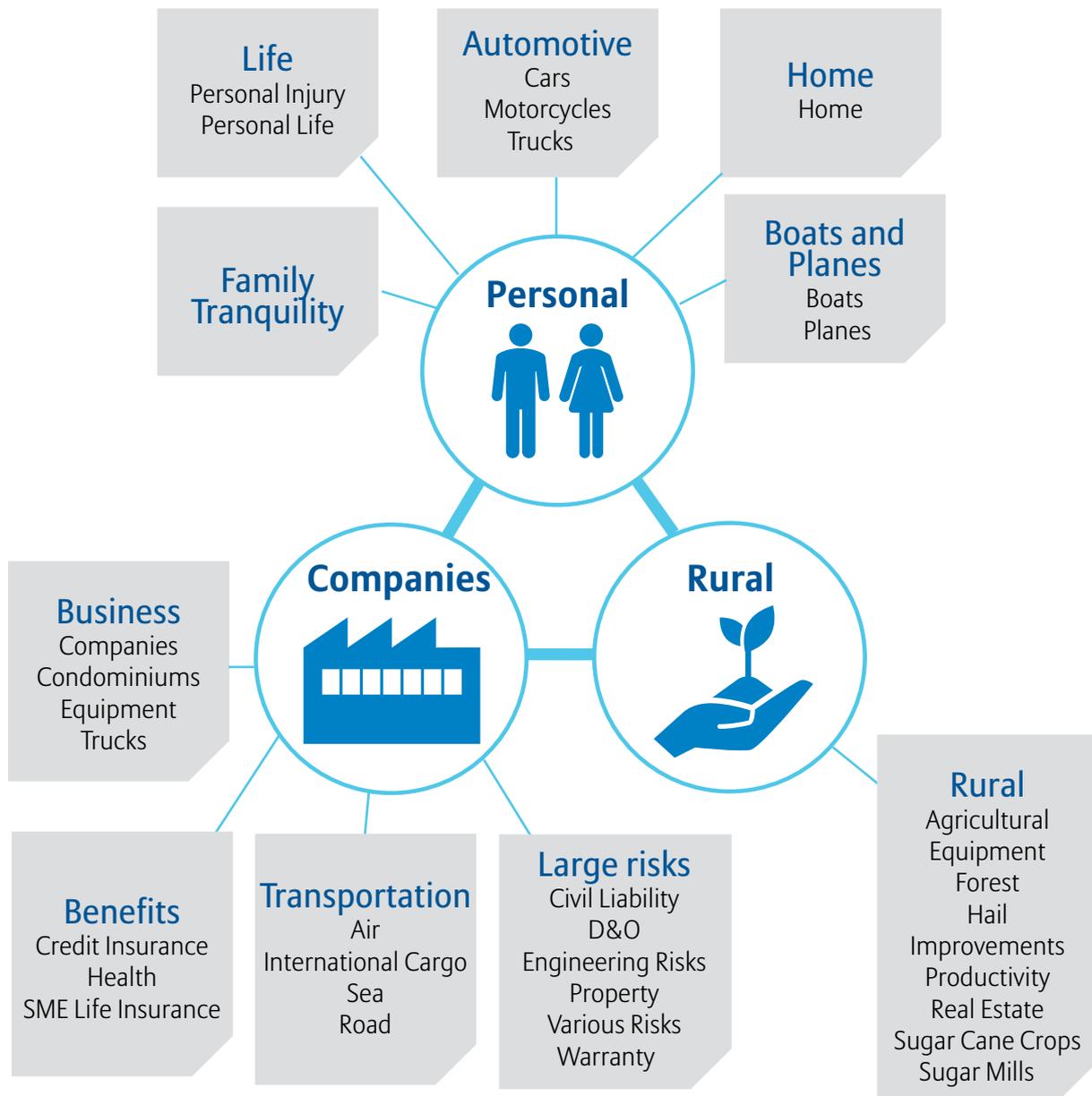


ALLIANZ BRASIL 2013 FIGURES

1.2
million
customers
in Brazil

51
branches in
Brazil

SEGMENTS OPERATED IN BRAZIL



R\$ 4.2 billion
in revenue

27
representatives

+ 1,400
direct employees

+ 16,000
brokers

ALLIANZ TIMELINE IN BRAZIL

- 1904**

Establishment of *Companhia de Seguros Terrestres e Marítimos Brasil*. Minority interest in AGF – *Compagnie d’Assurances Générales de France*.
- 1929**

Global economic downturn. AGF acquires controlling interest of *Companhia de Seguros Terrestres e Marítimos Brasil*, changing the name to *Brasil Companhia de Seguros Gerais*.
- 1930 to 1993**

The brand changed from *Brasil Companhia de Seguros Gerais* to *Brasil Seguros*, and finally, in 1993, the name *AGF Brasil Seguros* was adopted.
- 1998**

In Europe, acquisition of more than 57% of the French company AGF by the Allianz Group. The largest European insurance conglomerate was born.
- 2008**

The brand was changed to *Allianz Seguros*.
- 2010**

The company insured the film “Elite Squad 2” and the Carnival in Rio de Janeiro.
- 2012**

First company to insure stadiums for the World Cup.
- 2013**

Moved headquarters into a new building in São Paulo and signed the contract for naming rights for the new stadium for *Sociedade Esportiva Palmeiras*, the *Allianz Parque*.



CHANGES TO CONTINUE GROWING

In 2013, Allianz Brasil moved its São Paulo-based headquarters into a modern building, adding more agility to its processes and more comfort to employees and brokers.

In the same year, Allianz Brasil also updated its organizational guidelines represented by its Mission, Vision, and Values, making them more present in the routine of employees and brokers (*Read text below*). The idea is to pursue bold goals, achieving them with ethics and respect in all relationships and activities, starting from employees and brokers.



Because the best things in life cannot be stopped

Allianz Brasil’s positioning, integrated with sustainability drivers, is easily perceived in its products and services, such as insurance for Forest and Agro, or its sustainable services offered in the home and condominium insurance segments. The balance of the triple bottom line (financial, social, and environmental drivers) can be seen in the brand main attributes: excellent, caring, sustainable, and connected.



Employees' children on Kids Day (*more information on page 26*).

MISSION

To ensure that society has access to security and tranquility, becoming a benchmark in the delivery of insurance solutions, management, and profitability.

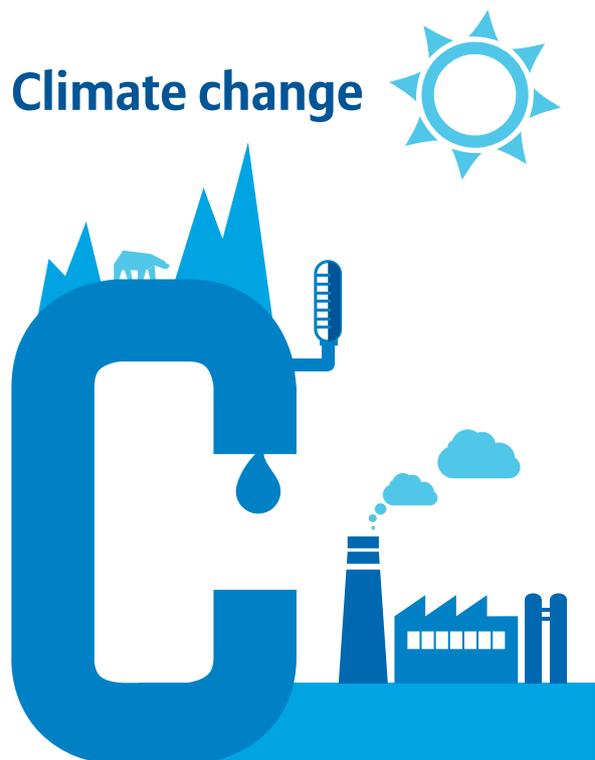
The Mission is understood as the reason for the company's being, its guiding principles. The Vision is the company's perspective in the medium and long term. Values are the ideals of attitude, behavior, and results. These core principles welcome everyone at the company's new headquarters.

VISION

To become the benchmark company in the Brazilian insurance market, always increasing value for all stakeholders.

VALUES

- Collaboration: together we are stronger
- Respect: invest in confidence, relationships, and mutual needs
- Excellence: strive to be the best and become a market reference
- Integrity: to operate with ethics, responsibility, professionalism, and transparency
- Attitude: turn our values into actions



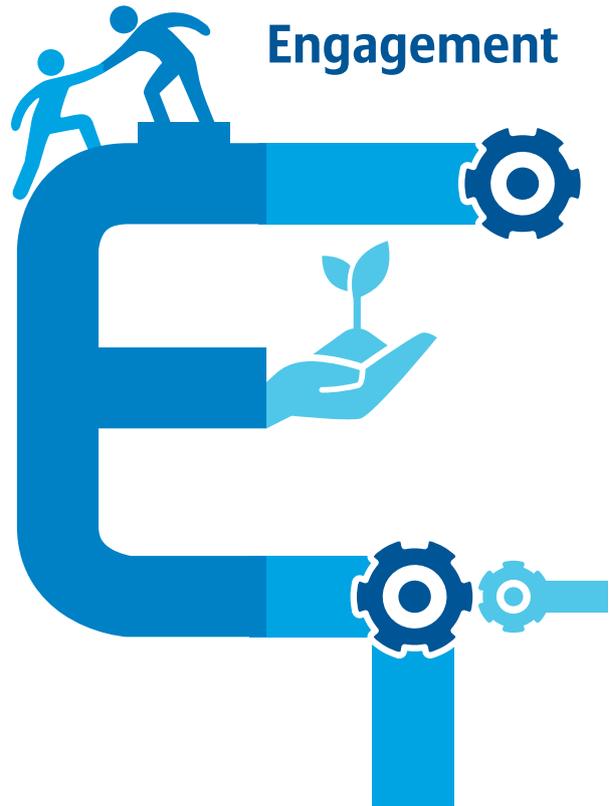
VALUABLE HERITAGE

Founded in 1890 in Berlin, Germany, the Allianz Group combines, in its history, elements of financial solidity, tradition, technical and commercial skills, advanced technology, innovation, and a focus on clients. In addition to the products and services it provides, the company stands out for its investments in research associated with large risks, sustainability, and renewable sources of energy.

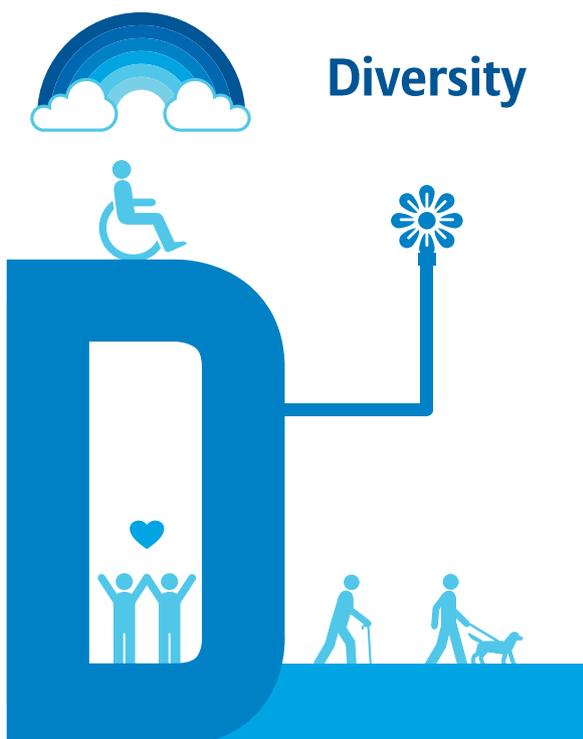
The Allianz Group is associated with Transparency International and supports the United Nations Global Compact and the guidelines for the Organisation for Economic Co-operation and Development (OECD) for multinational companies, and it is also a signatory to the Principles for Responsible Investment (PRI) and the Principles for Sustainable Insurance (PSI), both of which are initiatives of the United Nations.

Ethics is a core value in the relationship established with the various audiences, including clients, employees, members of government, press, and society. Furthermore, the company promotes a culture of innovation and high performance, valuing diversity as a competitive advantage.

The group’s track record is associated with its presence in important events in global history, such as the compensations for losses caused by the sinking of the Titanic in 1912, the insurance of the space program



for the National Aeronautics and Space Administration (NASA) of the United States, and the construction of the Eurotunnel connecting France and England.



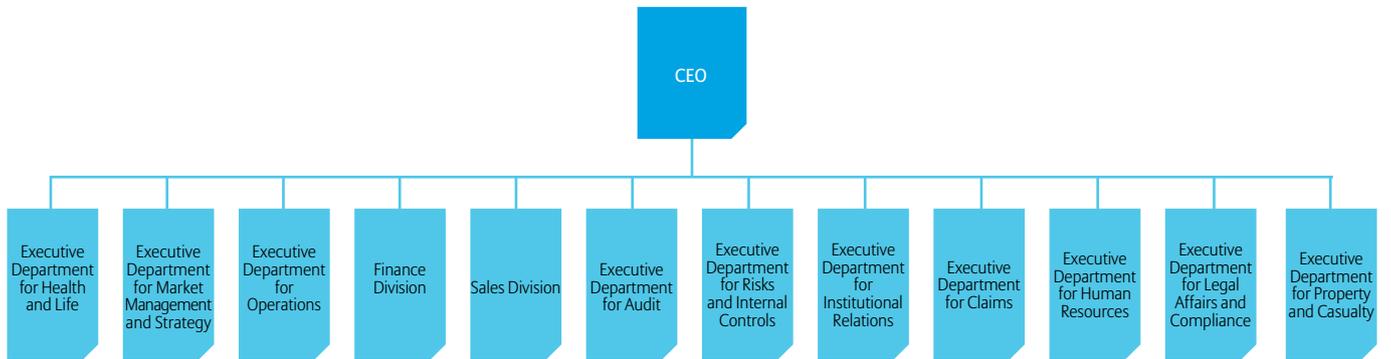
CORPORATE GOVERNANCE

Allianz Brasil follows the global guidelines established by the Allianz Group and has autonomy to conduct its operations in the country.

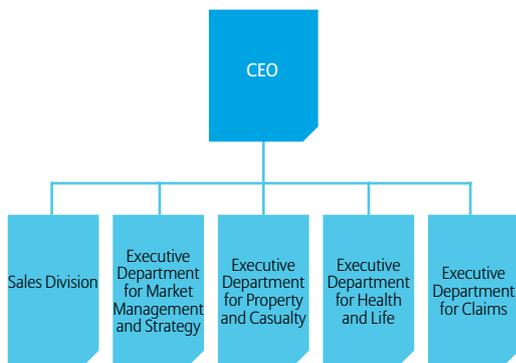
The company’s senior management in Brazil consists of 11 executive departments, under the coordination of the CEO (*see the organizational chart on page 11*). Additionally, there are two committees: the Business Committee, responsible for defining strategic actions focusing on commercial and product management topics; and the Coordination Committee, responsible for strategic actions focusing on corporate topics.

In order to promote an organizational culture based on ethics, integrity, and respect for the law, Allianz Brasil has constructed a solid Corporate Governance framework that includes the departments of Compliance, Risks and Internal Controls, Audits, and Claims. These are correlated areas; nevertheless, their operating and reporting structures are independent.

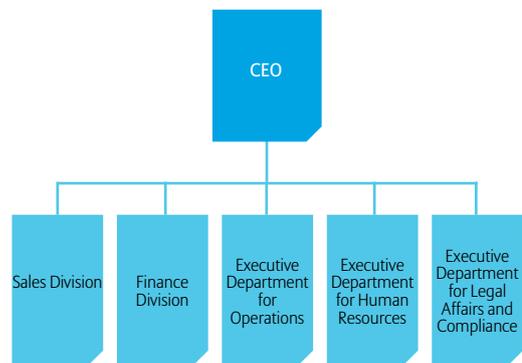
SENIOR MANAGEMENT



BUSINESS COMMITTEE



COORDINATION COMMITTEE



Allianz safety car, providing greater safety to Formula One since 2010.

SUSTAINABILITY VISION

Making today, envisioning tomorrow

The Allianz Group launches its sustainable journey to strengthen its contribution in order to face the major global challenges

SINCE ITS BEGINNING, THE INSURANCE INDUSTRY

has played a key role in the economic balance of society by protecting it against unforeseen losses. In past decades, this industry has also played a key role in sustainable development by contributing to the identification of the main social and environmental risks, and integrating the search for solutions.

The Principles for Sustainable Insurance (PSI), of the Financial Initiative of the United Nations Environmental Program (UNEP-FI), represent a sophistication of this vision. Launched in 2012, in a parallel event with Rio+20, the PSI are a platform for the insurance industry to address environmental, social, and governance (ESG) risks and opportunities, promoting the integration of these issues in the assessment and mitigation of risks.

Signatories to the PSI voluntarily agree to incorporate ESG criteria, to manage risks of this nature, to develop solutions in cooperation with their clients, and also to report on its progress in the area. Therefore, insurance companies become agents of education and transformation of practices and behaviors.

By analyzing long-term scenarios, the Allianz Group classified the major global challenges into three priority groups: access to financial services, changes in demography, and climate change.

This perception is confirmed by several recent studies. The Global Risks 2014 report, for example, published in the Global Economic Forum in January, demonstrates that the major global concerns are income inequality, lack of jobs, and climate changes.

Access to financial services is one of the essential conditions for people to consume material and immaterial goods, address their needs, and remain competitive in the job market.

Financial literacy



In terms of demography, the aging population and income inequality are the two main topics. The number of people over 60 years old will be 1 billion by 2020, according to the United Nations estimates, which reinforce the need for a health and pension system prepared to ensure the quality of life of this portion of society, thereby avoiding impoverishment in their latter days of life.



Allianz is the number one insurer of wind farms in Brazil.

Finally, climate changes and subsequent extreme weather events are potentially capable of causing systemic shocks globally. In order to mitigate risks of this nature, the Global Risks 2014 report suggests the adoption of management plans for insurance, reinsurance, and capital markets, in conjunction with initiatives of governments, companies, and the civil society.

Published by the Allianz Group in October 2013, Risk Bulletin #45 analyzed the cost of Hurricane Sandy in the United States. According to calculations, the event caused US\$70 billion in damages, US\$18.8 billion of which were paid by insurance companies through approximately 1.58 million claims. The bulletin also indicates that, out of the ten most devastating and costly storms in the history of insurance companies, eight have occurred in the past nine years, reinforcing the need for a joint action plan among companies, governments, and society.

In Brazil, Allianz is mapping the exposure and concentration of risks. In 2013, the company determined that flooding accounts for approximately 65% of environmental catastrophes, which should be considered in the strategy for claims coverage.

Green solutions



By developing actions to address these issues, the objective of the industry is to reduce claims and improve results with the enhancement of operational efficiency, thus contributing to a society with greater potential for sustainable growth.

IN SYNC WITH CURRENT AFFAIRS

The Allianz Group continuously seeks innovation and answers to allow for its growth while generating value at the economic, social, and environmental levels. To this end, the company promotes sustainability through two competency centers: Allianz4Good and the ESG Office.

Allianz4Good is directly responsible for:

- **Management and strategy:** developing the group's sustainability strategy and supporting functional departments and operating units.
- **Support for governance:** communicating the advances made and supporting the Board in strategic decisions associated with sustainability.
- **Process and integration:** maintaining Allianz4Good on the global network to guide activities and disclose the best practices developed.
- **Environmental management:** monitoring the environmental impact of the Allianz Group.
- **Participation of the community:** managing and coordinating the participation of the community; developing and implementing global programs based on the principles of competency in order to address the needs of the community.
- **Evaluation of sustainability and of report:** managing submissions of global sustainability ratings.



Green solutions

For the Allianz Group, green solutions are those that:

- facilitate technology, either for development or for the market, which benefits the environment and/or mitigates impacts caused by climate changes;
- are focused on the protection of resources and on environmentally responsible behavior; and
- reduce environmental risks to clients through management, engagement, and/or guidance.

In 2007, the Allianz Group founded Allianz Climate Solutions (ACS), which is a competency center on climate change focusing on renewable energy. ACS offers consultancy and advisory services on issues of project financing for renewable energy for external clients and business units worldwide. Additionally, it is responsible for the development of climate-related strategies, and works as a catalyst for the development of green solutions.

Human rights



The ESG Office is responsible for the integration of environmental, social, and governance elements with the business and insurance activities of the Group.

This activity is conducted through the design and management of pilot projects that promote internal debate and stakeholder engagement and provide new business opportunities by integrating sustainability into the processes.

Its activities involve:

- **Strategy and management:** development of points of view about these topics.
- **Support for governance:** support and guidance for decisions made by the Board of the ESG Office.
- **Process and integration:** alignment and monitoring of the execution of the activities of business lines (investments, third-party asset management and proprietary investments, and insurance) and the functions associated with risk, compliance and legal matters, in integration with existing processes.
- **Dialogue and transparency:** fostering communication with stakeholders.

One of the main results of this process is the development, in over 30 countries, of Green Solutions, which support the transition to a low-carbon economy, offering benefits to the environment and helping clients

prepare for the possible adverse effects of climate change, and helping with the mitigation of risks associated with this type of event.

Globally, today there are approximately 150 Green Solutions that cover all business segments of the company, including insurance and products for investments, services, and processes. In global terms, in 2013, revenue generated by these products totaled €1.1 billion.

LARGE RISKS AND ENGAGEMENT

The company is globally recognized for its expertise in the large risks market, such as infrastructure projects with potential impacts on the three dimensions of sustainability. The company also invests in renewable energy projects, such as wind farms and solar energy, having allocated €1.7 billion by the end of 2013.

The global challenges associated with sustainability are also considered taking opportunities into account.

Investments



At the beginning of 2014, in order to reinforce its commitment to sustainable development and to engage its audience in this topic, Allianz launched the A-Z Sustainability Journey. The initiative seeks to share knowledge about the main global challenges represented by each letter of the alphabet, as can be seen in this report.

The complete description of the challenges can be found at: www.relatorioallianz.com.br/jornada.

Also in 2014, Allianz adhered to the Principles for Sustainable Insurance (PSI), forming a group of 40 insurance companies as signatories to the principles and 30 market agencies as sponsors.

The Allianz Group is also a member of Transparency International, which supports the principles of the United Nations Global Compact and the guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational companies, and it is a leader in the insurance industry in the Dow Jones Sustainability Index (DJSI). The company has also been classified as leader in sustainability among the companies providing financial services by the Best Global Green Brands report, from Interbrand consultancy, since its creation in 2011. Finally, the company is a signatory to the Principles for Responsible Investment (PRI) of the United Nations (UN) and the Carbon Disclosure Project (CDP), which aims to provide transparency to information related to greenhouse gas emissions.

All of these initiatives demonstrated the engagement of the company in promoting sustainable development.



Volunteer employees of My Finance Coach.

Jobs



IN BRAZIL

Allianz Brasil has a sustainability department with cross-sectional operations whose mission is to promote a systemic view of the company's processes and decisions involving the correlation between economic, social, and environmental aspects.

The exchange of ideas is conducted through workshops, through the Green Carpet award, and through internal campaigns geared toward engaging employees.

The assessment of social and environmental risks is under way and is being incorporated into the decision-making process at Allianz Brasil. Climate change, for example, has already shown a real impact on the agricultural sector and the increase in traffic accidents. The challenge of the insurance industry is to promote a discussion about the consequences of the climate crisis and to play a strategic role in the quest for solutions shared with society.

Expectations are that the company gradually achieves greater integration among the environmental, social, and governance issues and its risk assessment process, contributing to the sustainable development of society.

In 2013, the sustainability department in Allianz Brasil was chosen for a pilot project in order to develop new green solutions for the Allianz Group.

Currently, Allianz Brasil automatically provides a set of green services in home insurance, including environmental consultancy that offers tips on energy and water efficiency, solar energy, and recycling; consultancy on eco-efficiency calculated by specialists when working on green projects; and a service of door-to-door collection of used furniture and household appliances, ensuring that these items will be recycled or repaired and donated to charity institutions.

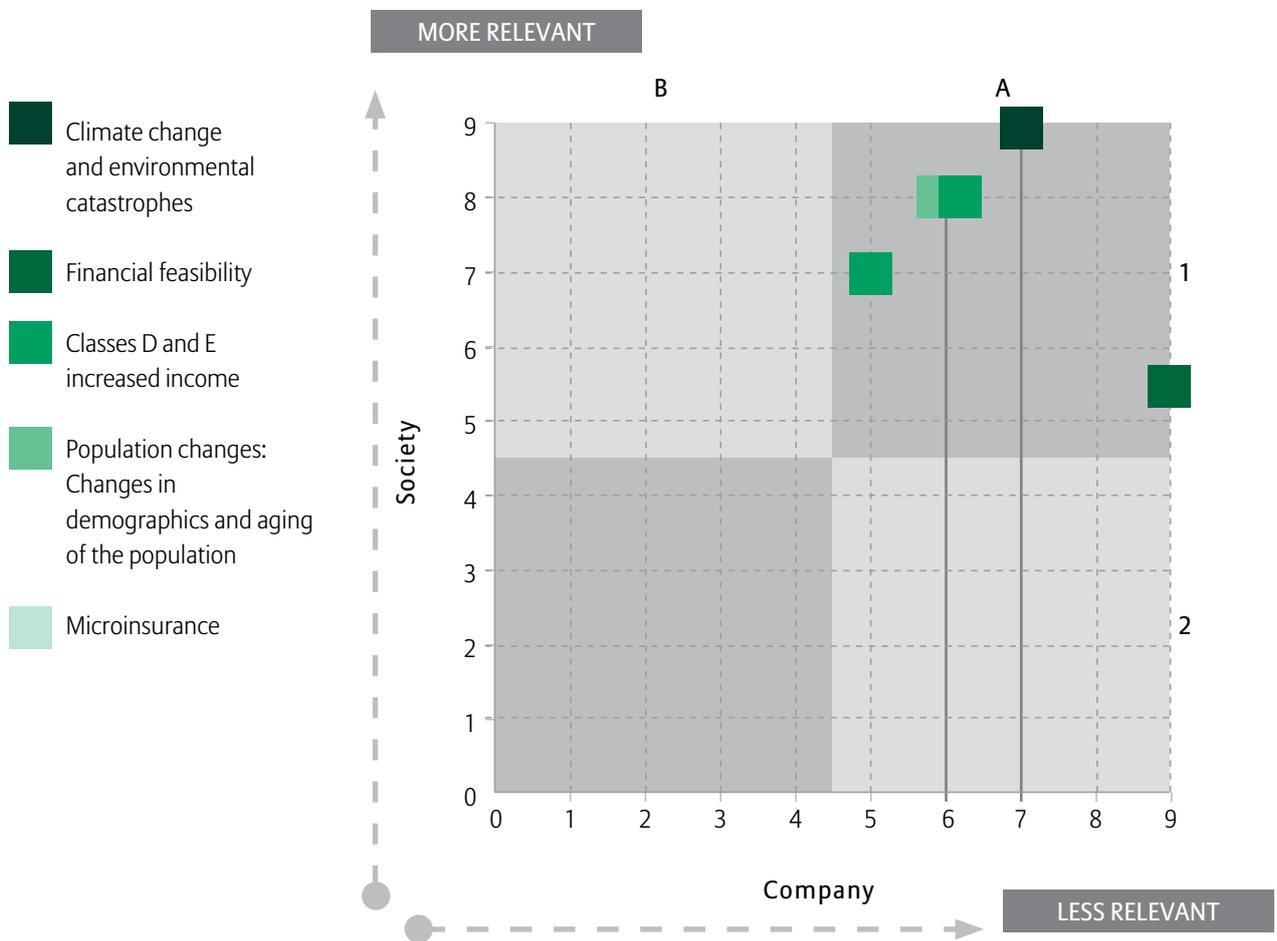
MATERIALITY

As part of the evolution of the sustainability reporting process initiated in 2012, a materiality process was started in 2013 with the objective of consulting representatives of some of the major stakeholders of Allianz Brasil about what topics should be prioritized in the company’s management and communication.

The materiality matrix (*see diagram*) is a graphic representation of the results of that process. The classification of the relevance of each topic is displayed along two axes: the inner axis, showing the perspective of the company and of its business strategy; and the outer axis, showing the perspective of other audiences – shareholders, investors, surrounding communities, governments, opinion makers, non-governmental organizations, and experts in sustainability in the insurance industry. Sectoral studies on the subject were also considered.

In the coming years, Allianz Brasil intends to define, monitor, and disseminate indicators about the topics that were considered “the most relevant.”

THE ALLIANZ BRASIL MATERIALITY MATRIX



STRATEGIES

New horizons

Allianz Brasil's competitiveness is associated with its strengthened operation in different segments, supported by its highly-qualified team

MAINTAINING A LEADERSHIP CULTURE THAT FOSTERS

the development of people, investing in efficiency and automation of operations, diversifying products and services, and contributing to the sustainable development of Brazil: these are the main strategies adopted by Allianz to become a reference in the Brazilian insurance market.

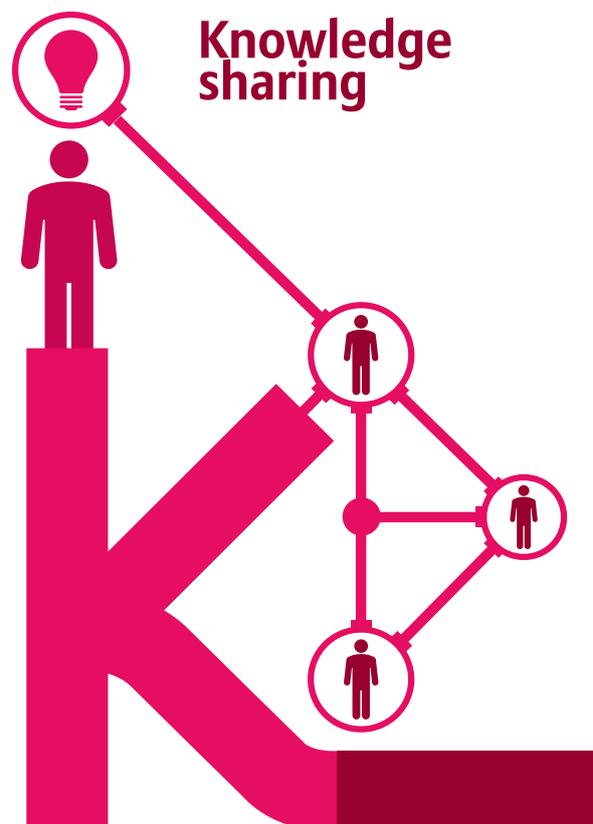
The economic stability in recent years has created numerous opportunities for growth. It is responsible, for example, for the social mobility of a significant portion of the Brazilian population. According to data from *Instituto Data Popular*, the Brazilian middle class today accounts for 108 million people who consume products and services. For the insurance market, this is a new category of clients who, with the security brought about by employment, can afford to invest in the preservation of their physical integrity and of their assets through insurance. Consequently, an important market is revealed.

Major sporting events that will be held in the country – the World Cup in 2014 and the Olympic Games in 2016 – and the associated investment in the necessary infrastructure to host these events, as well as the effort to seek alternative sources of energy such as the pre-salt oil deposits and wind farms, are other important fields to be considered when evaluating Brazil's macro-economy and the existing opportunities for the insurance industry.

Aware that this scenario is rich in opportunities, the insurance market in Brazil has become extremely competitive in recent years. Allianz believes that one of the deciding factors for growth in this scenario lies in people's qualification – direct and indirect employees. It is through a qualified and committed team, an attractive product portfolio, and the expertise of an international group that the company will grow and gain strength and market share in Brazil.

To this end, one of the strategies adopted by Allianz was to heavily invest in professional training and development programs. The Allianz Business School, conceived in 2013 and scheduled to start in 2014, will contribute to the development of entrepreneurship in brokers' segment.

In terms of our business operation, the company invested in the automation of its processes, which should provide, in the medium term, efficiency and profitability throughout the entire chain. In recent years, the company has invested in the implementation of a new system to standardize and simplify operating processes to increase efficiency.

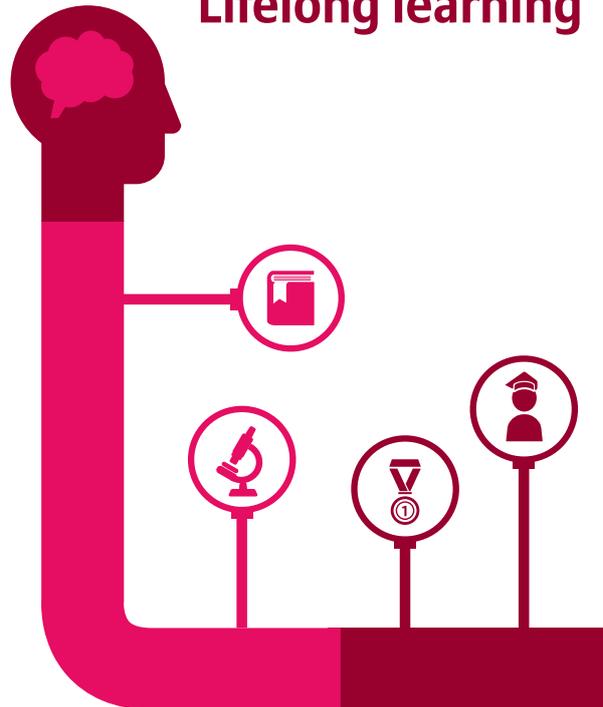


Throughout the world, there are three different platforms for automation, Brazil and Latin America use IberoLatam. The implementation of this platform, through the AdvanZ project, is in line with the strategy to consolidate the Allianz Group’s systems in over 70 countries in order to provide the most advanced technology available in the international market.

Another strategic front for the company is in the diversification of products, in line with the trend for growth in demand for insurance in Brazil geared toward individuals, such as auto, home, and health insurance. Additionally, the company intends to maintain its relevant position in the industrial, agricultural products, and large risk markets, as well as to expand its presence in all regions of Brazil; for example, through the opening of new branches.

In order to enhance this growth strategy, Allianz Brasil invests in the interaction of its brand with the consumer market. The main initiative in this area was the acquisition, in 2013, of the naming rights for the new sports arena of *Sociedade Esportiva Palmeiras* in the city of São Paulo. *Allianz Parque* will be inaugurated in 2014 and will allow the company’s

Lifelong learning



brand to be frequently displayed at soccer matches, music concerts, and corporate events, among others.



The Allianz Brasil’s new headquarters in São Paulo.

MANAGEMENT AND RESULTS

A year of consolidation

The year 2013 for Allianz Brasil was marked by the investment in the new technological platform and the launch of the financial literacy project

THE INCREASED INCOME OF WORKERS, THE LOWEST level of unemployment in history, and the expansion of credit availability helped expand the Brazilian market for insurance, private pension, and health by 14% in 2013, exceeding R\$290 billion in revenue, according to CNseg, the National Confederation of General Insurance Companies, Private Pension and Life, Supplementary Health, and Capitalization Companies.

Operating in this scenario, Allianz achieved, in net written premium, R\$4.12 billion, registering an increase of 10.9% compared with the previous fiscal period. Net income for the period was R\$82.1 million.

Allianz Seguros, which operates in all areas except Health, VGBL¹, and DPVAT², recorded R\$3.4 billion in net written premium, which represents an increase of 8.4% compared with 2012. *Allianz Saúde*, which operates in the corporate health plan sector, registered R\$724 million in premiums, representing an increase of 21.6% compared with the previous year.

During the year, the focus of the company was the change in the business model, which aims to increase its presence in retail and maintain leadership in the large risks and corporate markets.

Among the main fronts for the preparation of the company for this new operating model were the inauguration of the new headquarters in the city of São Paulo, the implementation of a modern technological platform, the training of employees, and the continuous improvement in the relationship with the various audiences, especially with brokers, who represent the Allianz brand before consumers.

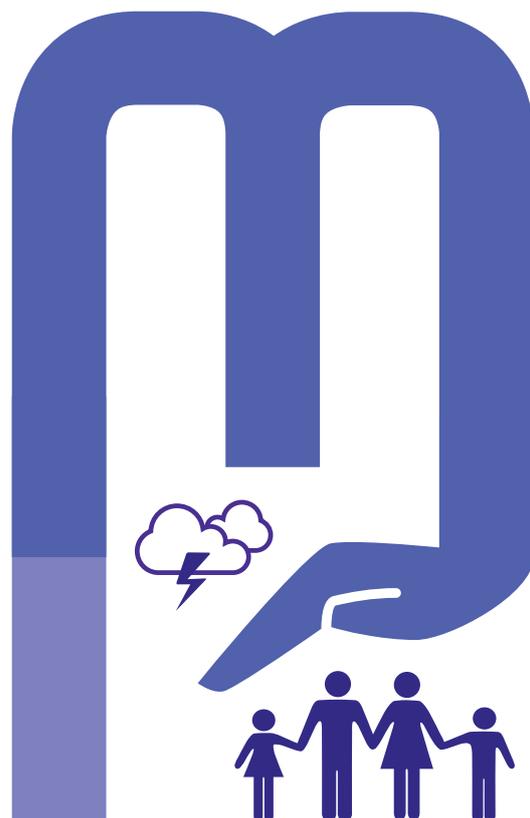
Another highlight in the year was the 15% improvement in productivity indices in the area of claims. The authorization for auto repairs was limited to three working days in 87% of the cases. The call center solved

90% of calls, and average service time was reduced from 3.5 minutes in 2012 to 3.3 minutes in 2013. Average waiting time is less than a minute.

¹ Acronym in Portuguese for *Vida Gerador de Benefício Livre*, one of the forms of private pension plans adopted in Brazil.

² Acronym in Portuguese for *Danos Pessoais Causados por Veículos Automotores de Vias Terrestres*, a compulsory auto insurance in Brazil.

Micro insurance



In the area of marketing, Allianz signed an agreement for the naming rights of *Allianz Parque*, the new arena for *Sociedade Esportiva Palmeiras*, a Brazilian soccer club. This agreement will display the Allianz brand in a multipurpose arena which, besides hosting soccer matches, will offer music concerts, events and a restaurant, in a swank area in the city of São Paulo.

Allianz Parque earned the LEED (Leadership in Energy and Environmental Design) certification for buildings that follow sustainability criteria beyond the standards required by law in aspects such as accessibility and rainwater harvesting. The name was chosen in a public contest involving more than 620,000 votes from 33 countries.

SHARING KNOWLEDGE

One of the major challenges in the insurance sector is helping clients manage risks of all sizes and find sustainable solutions to overcome them. Associated with major global concerns, such as climate and demographic changes, globalization, development, health, and safety, these topics were addressed by Allianz Brasil in 2013 through the dissemination of themes about risk prevention, such as the international campaigns Drive Safely and Saving Water, among others.

Since 2010, the company has maintained the *Sustentabilidade Allianz* website (www.sustentabilidade.allianz.com.br), which posts content on global issues such as renewable energy, climate change, health, mobility, safety, and population growth.

Allianz Brasil does not invest in agricultural commodities

The Asset Management department for Allianz Brasil is responsible for managing a portfolio of the company’s financial assets, and its main objective is to maximize the return to investors of the Allianz Group in the country.

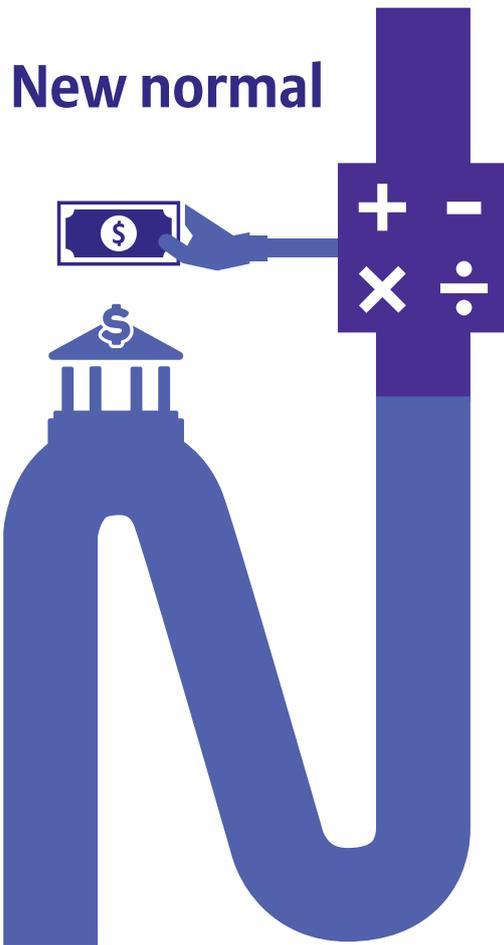
Despite having this objective as a priority and operating in Brazil, one of the largest global exporters of agricultural commodities, Allianz decided not to invest directly or indirectly in this type of asset. Therefore, the company does not have any influence on the food market through its investments.

Conceived by the group and focused on the Brazilian reality, the website contains a rich set of information, research, charts, and images that analyze the topics in detail and play an important role in disseminating relevant information on sustainable development.

In 2013, a major achievement of the website was the establishment of a partnership with *Mobilize*, the first and largest Brazilian portal for information associated with urban mobility and sustainability. The partnership with *Mobilize* was another form of enriching the content made available by Allianz Brasil to the community.



The *Sustentabilidade Allianz* website disseminates knowledge about global challenges.



The major highlight for the year in the area of knowledge dissemination was the implementation of the My Finance Coach program, created to teach concepts of financial literacy to youths, thereby contributing to the sustainable development of the country (*More details in the Social Responsibility subsection*).

The Green Carpet initiative promotes an internal award aiming to encourage employees to share their ideas and to contribute with improvements that offer social and environmental benefits to Allianz. In 2013, fifty-one (51) ideas were received through this campaign.

The Risk Analysis team also sought to adopt sustainability criteria in their analysis. During the inspection of the company to be insured, one of the factors observed is whether this company has the understanding that sustainable management is the best way to be prosperous and to ensure its longevity, which has helped in risk assessment, driving the integration of environmental,

social, and governance issues into the underwriting process, currently being studied.

Climate change is among the company's priorities which, through a mapping process associating the relationship between extreme weather events and loss of property arising out of these events, will make the company increasingly more capable of creating and offering more suitable products to its clients.

A forum in Brazil: demography on the spot

The reduction in birth rates and the increased life expectancy, a reality in all continents, is undoubtedly causing considerable changes in demography. In Brazil, despite other important demographic movements, such as the growth of the middle-class, the aging of the population is the main point of attention. The country is aging without becoming wealthy, creating additional pressure on the retirement system.

The Allianz Group has made worldwide contributions to the debate and solutions in this area. In Brazil, one of the main contributions in 2013 was the sponsoring of the 8th International Forum on Insurance for Journalists, which had the participation of Prof. Dr. Michael Heise, chief economist at Allianz SE. The forum was also attended by Prof. André Portela, from FGV-SP; Dr. Marcelo Caetano, from Ipea; and Ingo Dietz, executive director of Institutional Relations at Allianz Brasil.

According to what was discussed during the forum, in order to overcome the problem of aging without becoming sufficiently wealthy and to support an increasingly older population, Brazil will need to focus on four factors: maintaining or increasing its economic capacity; reforming the welfare system; increasing productivity, which will extend the professional life of its workers; and accepting more qualified immigrants.

In addition to this forum geared toward press professionals, the presence of Michael Heise in Brazil prompted a panel discussion with members of the Allianz Brasil Committee and a workshop with 40 employees, engaged to study the topic from a Brazilian standpoint.

Finally, in 2013 Allianz Brasil was present at several events such as workshops, trade fairs, and conferences. The purpose of participating in these events is to strengthen the relationship with companies, to share knowledge and keep updated.

One of the highlights in this area was the workshop “Wind Power Energy – An Expanding Market,” in which a representative from Allianz delivered a paper on “Insurance in Renewable Energy.” This event was promoted by *Associação de Engenheiros Brasil-Alemanha (VDI-Brasil)* in conjunction with Allianz, and was held in São Paulo.

ENVIRONMENTAL PERFORMANCE

As described in the Sustainability Vision section, Allianz’s main contributions to the environmental area are the investments in renewable energy projects, portfolio of Green Solutions, risk analysis in the underwriting process, and dissemination of knowledge aiming at the shift toward a low carbon economy.

Even so, the Allianz Group and Allianz Brasil have initiatives to reduce the use of resources and materials such as water, energy, and paper and to reduce the generation of waste and CO2 emissions arising out of its operations.

Specifically concerning emissions, Allianz has a bold goal to reduce its emissions by one third by 2015 in all countries where it operates.

The tables below show the main environmental indicators for Allianz Brasil in 2013.

 ENERGY	TOTAL
Total energy consumed (MJ)	11,401,227
Total energy / employee year (MJ)	8,018

 PAPER	TOTAL
Total volume of paper consumed (Kg)	28,266
Total volume of paper / employee year (kg)	20

 WATER	TOTAL
Total water consumed (m³)	13,226
Total volume of water / employee year (m³)	9,301



Michael Heise, chief economist at Allianz Group, at a forum on demography in Brazil.

EMPLOYEES

In order to become a reference in the insurance market, Allianz Brasil believes it is vital to have a team of qualified and motivated professionals so that the company service its clients with excellence and ensure its productivity with sustainability.

The construction of a building with a LEED certification specifically for the new headquarters of Allianz Brasil was motivated by the creation of a space that favors increased productivity and career development.

 WATER	TOTAL
Total volume of waste (kg)	85,966
Total volume of waste / employee year (kg)	60

 CO ₂ EMISSIONS	TOTAL
Total CO ₂ emissions (t)	1,618,361
Total CO ₂ emissions / employee year (t)	1,138

In 2013, the Human Resources department promoted the program Manager Development, which selected 50 professionals to take part in an event with Nigel Paine, a specialist on leadership and organizational changes. On that day, participants had the opportunity to discuss important topics concerning the role of leaders in dealing with changes.

Initiatives to continuously promote training, recognizing employees' participation so that the company's objectives can be achieved, are also integrated into the way personnel is managed. The culture of engagement is a differential that strengthens the company, considering the changes planned.

An example of this initiative is *Contexto*, a monthly internal newsletter that contains information about company events and shares stories of its employees. One of the editorials, called *Pelo Brasil*, was created especially to acknowledge those who achieve good performance, and contains the publication of their stories and success cases.

This is an opportunity to formalize the recognition and sharing of best practices.



The good personnel management at Allianz Brasil is reflected in the main indicators for this area. In 2013, there was an increase in the Employee Engagement Index and a reduction in turnover.



Employees celebrate Allianz's achievements.

Allianz wins award for personnel management

In 2013, Allianz Brasil featured among the Best Companies to Work organized by the Great Place to Work (GPTW) survey, one of the most prestigious awards in the human resources area. The study nominates the companies that stand out for the level of satisfaction within the work environment and the level of trust in the relationship between management and employees.

According to GPTW, Allianz stood out in the areas of pride, credibility, camaraderie, and respect for people. Opportunity for growth and development, balance between personal and professional life, and alignment between personal and professional values were cited by the company's employees as the most valued factors.

PERSONNEL INDICATORS

WORK RELATIONS

	INSURANCE	HEALTH	Total
Permanent Employees (FTEs)	1,135	268	1,403
Temporary Employees	18	1	19

BREAKDOWN BY GENDER

	INSURANCE	HEALTH	Total
Total number of permanent employees (FTEs)	1,060	227	1,287
FTE women	527	139	666
FTE men	533	88	621
Total number of part-time employees	93	42	135
Part-time employees - women	66	35	101
Part-time employees - men	27	7	34

WOMEN IN MANAGEMENT POSITION

	INSURANCE	HEALTH	Total
Total number of managers	151	22	173
Women in management positions	36	12	48

BREAKDOWN BY AGE

	INSURANCE	HEALTH	Total
Less than 25	117	24	141
Between 25-34	484	93	577
Between 35-44	371	105	476
Between 45-54	153	40	193
Between 55-64	26	7	33
Over 65	2	0	2

QUALIFICATION

	INSURANCE	HEALTH	Total
Employees with higher or university education	828	166	994
Other levels of education	325	103	428

MAIN RESULTS OF THE SURVEY WITH EMPLOYEES (%)

	2012	2013
Employee Engagement Index	80	86
I am proud to say that I work at Allianz	91	93
In general terms, I am extremely satisfied with our company as a place to work	78	90
I would recommend our company to a friend as an excellent place to work	84	90
Even if I'm offered a similar job in another company, at this point I would not leave our company	68	71
I'm satisfied with the initiatives that our company implements in order to be socially responsible	89	91

TRAINING

	INSURANCE	HEALTH	Total
Costs for training	EUR 255,326.00	EUR 55,416.05	EUR 55,671.37
Days of training	5,046.50	793.00	5,839.50
Employees trained	1,117	242	1,359

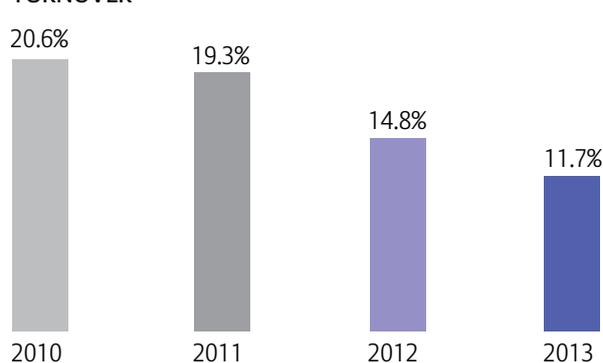
HEALTH AND SAFETY

	INSURANCE	HEALTH
Total number of days of leave of absence	2,294	1,175
Days worked per year	248,00	248.00
Hours worked per day	7.75	7.75
Total number of accidents reported	1.00	0.00

TURNOVER

	INSURANCE	HEALTH	Total
Total number of hires	178	33	211
Women hired	107	24	131
Men hired	71	9	80
Total number of employees who left the company	123	40	163
Total number of women who left the company	55	28	83
Total number of men who left the company	68	12	80

TURNOVER



Communication initiatives with employees

The process for the implementation of the AdvanZ platform, which occurred in 2013, required communication initiatives geared toward employees, including face-to-face and web-based training sessions, enquires, newsletters and circulars.

Additionally, the meeting called *Encontro Corporativo*, which is an annual event between company leaders and the CEO aimed to align the strategy and present results, this year was attended by 250 employees.

In October, a second edition of Allianz Kids Day, an event in which employees bring their children to the company, was held. After visiting the workplace of their parents, children enjoyed shows, toys, clowns, and much more.

In order to provide information to employees and to establish a communication channel with this audience, the company has the following channels:

- **AllianzNet:** the company’s intranet where all information to be shared with this target audience is published. Furthermore, the main company systems are available on this site.

Paperless



C-Quest



- **Contexto newsletter:** a monthly digital newsletter sent to all employees with the purpose of informing them about events at the company in news format.
- **AllianzNews:** a newsletter that tells in advance the major initiatives at Allianz for the coming month. It is released on the first business day of each month and sent to company directors, superintendents, and managers.
- **Comercial & Produtos:** a weekly digital bulletin for employees of the Sales and Product departments, delivering content about products, processes, calculation systems, and other company subjects.
- **Rádio Allianz:** a media outlet that brings together and values employees, sharing company information.

Support for mobility

Another important initiative for employees was Mobility Week, which included an awareness campaign on mobility and a partnership with the *Ciclo Vivo* portal. The support from Allianz Brasil allowed *Ciclo Vivo* to produce a series of special articles on the many ways to getting around in large cities without using cars.



Employees' children enjoying the show on Allianz Kids Day.

The content developed on the page also gained life on social networks. Through the campaign called *Compartilhe a via* (Share the Street), developed on the *Ciclo Vivo* fan page, guidance on peaceful coexistence in traffic was disclosed.

Other aspects that encourage employees to leave their car at home are the location of the company headquarters, adjacent to a subway station, and the reinforcement of the project called *Carona Corporativa* (Corporate Ride-Sharing) which, through a partnership with the website *Caronetas*, allows coworkers to find employees who share similar routes and promote carpooling.

Anticorruption policies

In 2013, Law No. 12,846/13 was enacted, and was dubbed as "anticorruption law." Inspired by foreign examples, this is the first special law exclusively geared to prevent, fight, and repress acts of corruption, including the accountability of legal entities.

Allianz Brasil is alert to the requirements of this new legislation, but the company had already adopted consolidated policies and practices for fraud and corruption prevention.

Since 2011, the company has been following the Global Anticorruption Program of the Allianz Group, along with an Ethics Committee, who discusses topics associated with conflicts of interest and deviant conduct. Through a confidential channel specifically created for this purpose, the committee receives and analyzes reports about irregular or inappropriate conduct within the company, including cases of paying or receiving bribery, embezzlement, theft, or benefits to third parties.

Anticorruption norms and policies at Allianz Brasil

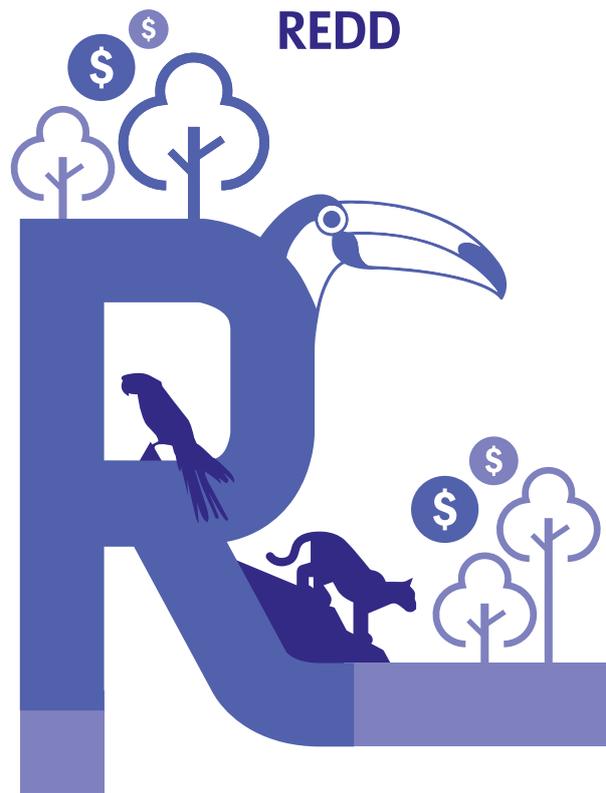
- Anticorruption policy
- Policy on Gifts and Entertainment
- (NP 0018) Code of Ethics and Conduct
- (NP 0050) Prevention, Detection, and Treatment of Fraud
- (NP 0055) Communication through the Reporting Channel
- (NP 0275) Procedures to Evaluate the Integrity of Suppliers and Brokers
- (NP 0280) Procedures for Donations

SOCIAL RESPONSIBILITY

In 2013, Allianz implemented, in Brazil, the Allianz Group global program called My Finance Coach, which trains employees to teach financial literacy classes to students in public and private schools.

In its first year in the country, 141 employees, accounting for approximately 10% of the workforce at Allianz Brasil, attended 495 hours of training. Subsequently, these volunteers paid 79 visits to 10 different schools, involving 2,372 students between 10 and 14 years old of age. The high level of buy-in of employees demonstrated the high level of commitment to the topic, which is an important issue for developing countries such as Brazil, since teaching concepts of savings and planning for the future is a form of contributing to the development of a sustainable society from a demographic standpoint.

With the results, the Brazilian initiative reached a prominent position within the Allianz Group, thus becoming a global benchmark.



Children participating in the activities promoted by ABA.

In addition to the program My Finance Coach, the company encourages citizenry practices by employees and makes financial contributions to the Charitable Association of the Employees from *Allianz Seguros Group* (ABA), located in the Eastside of the City of São Paulo, in the district of Cangaíba.

In 20 years, ABA has helped more than 6,000 children and adolescents in the community of Santa Rita. With this initiative, by combining a pedagogical proposal with basic social protection, the company aims to prevent situations of risk by developing potentialities and skills, as well as by strengthening family and community ties.

Alert to the needs of the community, ABA expanded its partnership with the *Serviço Nacional de Aprendizagem Comercial* (SENAC), in 2013, and the services of the Adolescent Training Program went from 30 to 60 adolescents in public schools in the region. It is another opportunity to discuss issues associated with adolescence, choices, and preparation to enter the job market.

Another highlight in 2013 was the Social-Emotional Development Program, which is geared toward children between 5 and 11 years of age and aims to develop self-awareness and self-knowledge, and to express feelings assertively.

A preliminary study indicated that 96% of the children who attended the program demonstrated positive social skills in their interpersonal relations, which were also expressed through the creation of the game *Jogo de Sentimentos* (Game of Feelings).

Considering the results, we can say that ABA has contributed to the improvement of human conditions and quality of life.

Below are some highlights:

- More than 6,000 children and adolescents have benefitted from ABA in 20 years.
- Expansion of the Adolescent Training Program (partnership with SENAC)
- Children aged 11 produced the game *Jogo de Sentimentos* using the Scratch programming language.

BROKERS

Allianz Brasil has a Broker Relationship Program, aiming to establish dialog with brokers, who are of great importance in achieving the company's goals and guaranteeing clients' satisfaction.

In 2013, the relationship actions with brokers that had been initiated in the previous years were consolidated, aiming to strengthen their ties with the Allianz sales departments. Among the events geared toward this audience, we had *Copa Allianz*, a soccer tournament that took place from March to November across 12 Brazilian cities; the Driving Academy, an event in which guests had the chance to drive fast Mercedes-Benz cars; invitations for Brazil's Formula 1 Grand Prix; and national and international recognition trips.

These results were excellent, with an increase of 43% in the NPS Index (satisfaction and recommendation) for this audience.

Also during the year, 3,800 brokers were trained throughout Brazil on the use of the new AdvanZ platform, and 8 brokers were invited to visit Allianz's operations in Barcelona and visit the IberoLatam platform. The courses involved 45 train-the-trainers, who traveled to Spain to learn more about the system.

Stakeholders dialog





At the Allianz VIP Lounge, brokers pose next to Formula 1 cars.

PRESS

In 2013, as a result of 205 texts produced and 296 requests for interviews answered, 5,978 articles about Allianz were published. A highlight of the year was the naming of *Allianz Parque*.

The Allianz Seguros Journalism Award, in its seventh edition, aims to promote and recognize the work of the local press in the coverage of the insurance and sustainability sectors, and also to encourage discussion of these topics with society. In 2013, the award received 2,157 entries.

The 8th International Forum on Insurance for Journalists, which discussed the topic of “Demography and Macro Economics,” had the participation of chief economist Michael Heise from Allianz SE. The event is an initiative geared toward professionals from the press and offers lectures and debates on important issues involving the domestic and international economy.

AWARDS AND RECOGNITION IN 2013

Best Companies to Work For, from the Great Places to Work Institute

Allianz employees in Brazil rank among the most satisfied with the organizational climate and the personnel management practices of their company.

VisãoAgro "Saccharum" award promoted by Visão da Agroindústria Magazine

- Sugar and ethanol market Insurance Category.

Coverage Award

- Total Insurance Category.
- Named Perils Category.
- General Civil Liability Category.
- Domestic Credit Portfolio Category.

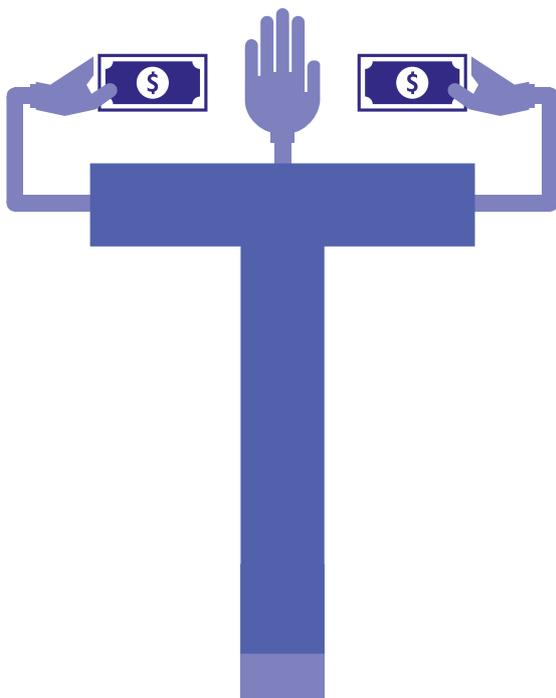
Top of mind by HR Estadão

- Allianz Saúde ranked among the top five companies in the health category.

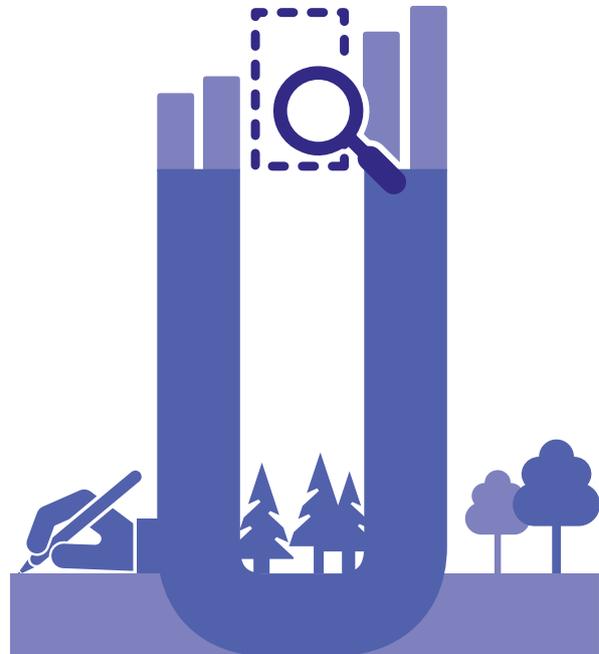
Company That Best Communicates with Journalists 2013, by Negócios da Comunicação Magazine

- Insurance Category.

Transparency



Underwriting



Best in Insurance Award 2013, by Apólice Magazine

- National Highlight Category in the Portfolio of Condominiums and Large Risks.

Lide Award for Corporate Marketing

- Marketing Innovation Category, for the Allianz Parque.

Gaivota de Ouro Trophy by the Insurance Market Award, from Seguro Total Magazine

- Excellence in Incentives for Communication Category for the Allianz Seguros de Jornalismo Award.

Research conducted by Escolher Seguro and published by Exame Magazine

- Allianz ranks among the best auto insurance in the country. The company was the first runner-up on the list, by only 0.4-point difference.

Segurador Brasil Award

- Leading Insurance Company in Sales in the Category of Condominiums, Engineering Risks, and General Civil Liability.
 - Best Performance in aeronautics insurance.

Trusted Supplier Award

- Allianz was awarded for its Health product.

OUTLOOK

Opportunities ahead

Allianz has ambitious goals to increase its presence in Brazil and its contribution to sustainable development

TO GROW SUSTAINABLY, INCREASING profitability through professional management of risks and excellence in the administration of resources and obtaining the most from our business model is Allianz Brasil's wish, and the company sees its great opportunity in retail to increase its market share in Brazil in the short and medium term.

In the first half of 2014, the company will concentrate efforts on stabilizing the AdvanZ platform, thereby offering greater autonomy and agility to brokers and allowing for the expansion of our client base. Despite the focus on retail, the industrial and corporate businesses will continue to be an important front and should maintain their current levels of activity.

In the Large Risks market, the idea is to identify the segments that pose the largest social and environmental risks.

The use of satellites to inspect and monitor agribusiness activities will also be used to reduce operating costs and greenhouse gas emissions resulting from land transportation.

In addition to this marketing position, Allianz will maintain its goal to become the insurance benchmark company in Brazil and to continuously invest in personnel development.

With a young and committed team, the company believes that its growth potential depends on keeping this trained and engaged personnel.

Therefore, one of the goals for 2014 is to maintain the low turnover rate of its professionals and to improve our capacity to attract talents in the insurance market. Also for 2014, the company plans to expand the Allianz Business School, which is part of the program for relationships with brokers.

Volunteering



Considering the Brazilian market as being highly qualified and competitive, Allianz Brasil believes that it is critical for its growth to increase its physical presence and its brand. Consequently, a nationwide expansion process will be initiated in 2014 with the opening of new branches to support our brokers.

Additionally, to strengthen the Allianz brand across the country, the company relies on the help of the *Allianz Parque*, the new sports arena for *Sociedade Esportiva Palmeiras*, whose naming rights were earned in 2013.



Aerial view of Allianz Parque.

Also in the area of sports, in 2014 Allianz will be one of the companies sponsoring the program *Atletas do Futuro – Fundo Paraesportivo Brasil-Alemanha*, created by *Instituto Sociocultural Brasil-Alemanha (ISCBA)* in partnership with *Esporte Clube Pinheiros*.

The purpose of this partnership is to join the efforts of German and Brazilian companies and institutions aiming to provide the development of Brazilian paralympic sports, promoting sports training and contributing to social inclusion and professional training of disabled people.

Currently, 16 athletes with disabilities attend the program.

Extreme Weather



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