Allianz is with you, siding with good

Allianz Turkey
Sustainability Report
2016

Contents

- **Messages from the Management** ---------- 2
- **General Information** ---------- 4
- **Allianz Turkey** ---------- 9
- **Sustainability at Allianz** ---------- 18
- **Annexes** ---------- 59
  - **Annex 1**: About this Report ---------- 59
  - **Annex 2**: Data Sheets ---------- 60
  - **Annex 3**: UN Global Compact - 2016 Progress Report ---------- 64
  - **Annex 4**: GRI G4 Content Index ---------- 66

Allianz Turkey 2016 Sustainability Report GRI G4 basic scope and the United Nations Global Compact Progress Report approved in advanced level.

01

Messages from the **Management**

" Dear Stakeholders,

As Allianz Group, one of the most powerful financial groups in the world, we continue to provide services in over 70 countries with more than 140 thousand employees and 86.3 million customers worldwide. Our customers are ever at the center of our business. We set our sustainability-oriented goals considering not only today's but also the changing circumstances of tomorrow and determinedly execute our long-term projects.

G4-1

Cansen Başaran-Symes
Chairman of the Board

As Allianz Group, which operates in a future-oriented sector with a long-established history of 126 years, we have identified sustainability as one of our key priorities. We closely monitor developments in this field at the highest level, on global and local scale. The Group's sustainability strategy is based on three pillars: the Low Carbon Economy, Social Participation and Business Integration. Thanks to our different identities as an investor, insurer, corporate citizen and employer, we support the positive changes in the field of sustainability by addressing the issues from different perspectives.

We believe that the financial sector plays a leading role in preventing climate change-related risks to our common future, and in ensuring the transition to a low carbon economy. On this journey, we are lead our industry through our sustainability efforts.

In line with our commitment to supporting the low carbon economy, we are expanding our investments by prioritizing renewable energy and infrastructure. In this regard, we gladly emphasize that we are no longer financing coal-based business models.

We have a leadership role in renewable energy with an investment volume of USD 4.6 billion and aim to double our investments in this field in the medium term. We offer many resources for corporate investors who want to invest in low carbon infrastructure. With our insurer identity, we offer our customers more than 150 sustainable solutions including special rates for electric vehicles.

We attach particular importance to digital technologies that enable more and more customers to interact with us and make informed purchases of our products and solutions.

With a corporate citizenship perspective, we aim to minimize our environmental impact and adopt a completely carbon-neutral business model. Among our goals for 2020 is to reduce CO2 emissions and energy consumption per employee to a great extent.

As a signatory to the United Nations Environment Program Finance Initiative and sustainable insurance policies, we published the Climate and Energy Monitoring Report as one of the outcomes of our approach. We strictly monitor our sustainability performance at every step and report it in accordance with the Global Reporting Initiative (GRI) reporting standards. We are also actively engaged in initiatives such as the Carbon Disclosure Project and the Dow Jones Sustainability Index, fully supporting efforts in this area.

While maintaining our climate leadership with our support or the low-carbon economy, we have carried out various projects focused on social inclusion both globally and locally scale to ensure gender equality at the highest level.

Today we are undergoing a new experience. We are bringing the perspective of Allianz Group, which has been reporting its sustainability performance since 2004, to our country, and as Allianz Turkey, we are proud to publish the first sustainability report of the insurance sector in Turkey.

I expressing my pleasure at sharing our report with you, I sincerely thank all of our stakeholders who have always been encouraged us for a better future.

We continue to create **sustainable products**

" Dear Stakeholders,

I am pleased to share with you our first sustainability report prepared in accordance with the Global Reporting Initiative (GRI) reporting standards, which are globally accepted and used by the world's largest companies. At the same time, this report is of great importance since it is the first GRI report to be issued by in the insurance sector in our country. With this Report, I believe that we have demonstrated our belief, vision and transparent approach towards sustainability, which is in the DNA of our 126-year-old company.

Aylin Somersan-Coqui
CEO

As a leader in the insurance sector and a strong financial institution, we have completed our sustainability strategy commenced in January 2016 with the guidance of our stakeholders. As a pioneer in our industry, we announced our sustainability strategy and model.

With our model, crowned with the slogan "Allianz is with you, siding with good"; we have set off on a journey that builds on all of our business processes regarding sustainability for a good environment, good individuals, good institutions and a good society. In other words, we have acted upon the belief that the society we live in can be healthy both materially and spiritually. We continue our journey with the goal of achieving this by developing preventive solutions that leverage a culture of entrepreneurship and innovation. While we support the innovative ideas of our employees by means of the innovation office set up for this purpose, our door equally is open wide for entrepreneurs beyond the Company itself.

As the first global insurance company in Turkey to have signed the United Nations (UN) Global Compact, we are proud to contribute directly to 5 of the 17 Sustainable Development Goals of the UN, namely "Climate Action", "Good Health and Well-Being", "Decent Work and Economic Growth", "Sustainable Cities and Communities" and "Gender Equality" goals. We are conducting studies to adopt over 150 green business solutions globally practiced by Allianz, a carbon-neutral company since 2012, in Turkey. After Allianz Tower, Turkey's first LEED Platinum-certified tower, we are building Allianz Campus, our operation center in Izmir, as an environmentally friendly building. In our efforts to reduce paper consumption, we were able to transfer 66 percent of printed documents into digital. We have set our goal for 2018 at 80 percent.

We have been managing Allianz Turkey with environmental, social and governance principles since 2012 with the aim of ensuring that first Allianz, and then the institutions we interact with, are sustainable. In order for our society to be "good" not only in terms of physical health but also in financial and spiritual aspects, we strive to be with individuals throughout their lives. We offer innovative services to all individuals, from the newborn to the elderly.

Another issue that we emphasize strongly is gender equality... As an institution that signed the Women's Empowerment Principles (WEPs), formed in partnership with the United Nations Global Compact and the United Nations Gender Equality and Women's Empowerment (UN Women), we find it encouraging that 61 percent of our employees and 40 percent of our management team is comprised of women.

For a sustainable future, we give the same importance and value to our corporate social responsibility projects that we give to our business. In 2016, we continued to support music and contemporary art. As Turkey's first corporate YouTuber, Allianz Motto Music celebrated its second year, supporting our brand ambassador Kaan Baysal's musical journey, and we remained the pioneering institutional supporter of the Peace for Music Foundation and the institutional supporter of the Youth Philharmonic Orchestra of Turkey. As we have been doing for many years, we supported the Istanbul Modern and the Istanbul Biennial also in 2016 as well. We also carried out a series of risk awareness events in Anatolia to help the sustainability of SMEs.

I offer my sincere thanks on behalf of our Board of Directors to all of our stakeholders wholeheartedly supporting us during our work.

02

General **Information**

Total revenues approx

122,4 bn Euro

Over 140,000 employees worldwide

Allianz Group

İn more than 70 countries

serves 86.3 million customers

Third party assets of

1.361 bn Euro

About **Allianz Turkey**

Our financial strength reflects on our stakeholders as well

Capital — **TL 1,82 Billion**

Assets — **TL 19,5 Billion**

Premiums — **TL 9 Billion**

Net Profit — **TL 526 million**

Our clients
TL 2.7 billion

Our shareholders
TL 65 million

Our distribution channels
TL 1.1 billion

Our society
TL 1.1 billion

Our employees
TL 292 million

Allianz Turkey in Numbers

Allianz Turkey	2015	2016
Allianz Turkey consolidated growth	23.5%	28.3%
Allianz Turkey consolidated revenue	TL 7 billion (TL 4.6 billion gross premium, TL 2.4 billion Private Pension System (PPS))	TL 9 billion (TL 6.3 billion gross premium, TL 2.7 billion Private Pension System (PPS))
Allianz Turkey net profit	TL 372 million	TL 526,4 million
Allianz Turkey number of customers	5,612,316	6,795,925

Allianz Turkey consolidated growth (2016)

%28,3

Allianz Turkey consolidated turnover (2016)

TL 9 billion

Allianz Turkey customer (2016)

6.795.925

G4-9 G4-EC1

Non-life insurance	2015	2016
Growth	26%	42.6%
Premium production	TL 4.05 billion	TL 5.8 billion
Market share	14.9%	16.3%
Sector ranking	1	1

Life insurance	2015	2016
Growth	24.5%	3.8%
Premium production	TL 548 million	TL 568 million
Market share	14.6%	11.3%
Sector ranking	2	2

PPS	2015	2016
Growth	21.2%	20.6%
Premium production	TL 8.44 billion	TL 10.2 billion
Market share	17.6%	16.7%
Sector ranking	3	3

Our Vision

We are Allianz...

Our vision is to pioneer new generation insurance focused on customer satisfaction and technology, and to be a social brand that increases society's quality of life.

Our Mission

We are here for our community. We are committed to protecting the health of our customers, their assets they have created over the years, and to be with them and their families at all stages of their lives.

Our Values

Customers are Our Priority.
We are Trustworthy and Fair.
We are a Real Team.
We are Pioneers.

Our Strategy

To be the best insurance company in terms of customer satisfaction and commitment, to be a leader in market share and profitability in life and pension, elementary and health branches, to lead next generation insurance that focuses on digitalization, and to maintain and develop our common culture that is based on high performance and business unity..

Our **Milestones**

We are honored to be the same age as **the Republic of Turkey.**

1923
The company was founded on 1 September 1923 under the name of Şark Sigorta by Riunione Adriatica di Sicurta, one of Italy's leading insurance companies. In parallel with the developments of the country's economy, the company added mandatory traffic insurance, accident and life branches in the 1950s and a machine installation branch in the 1960s.

1974
Şark Sigorta was merged into Koç Group.

1988
In 1988, the world's largest insurance company, Allianz, and Japan's largest insurance company, Tokio Marine, became partners of Şark Sigorta. The Company continued to grow by taking advantage of Allianz's global position, knowledge and support.

1991
To carry out Life and Health Insurance activities, Şark Hayat Sigorta A.Ş. (today known as Allianz Hayat ve Emeklilik A.Ş.) was founded.

1998
The names of Şark Sigorta A.Ş. and Şark Hayat Sigorta A.Ş., were changed to Koç Allianz Sigorta A.Ş. and Koç Allianz Hayat Sigorta A.Ş. respectively.

2001
Koç Allianz Sigorta A.Ş. and Koç Allianz Hayat Sigorta A.Ş. adopted a central management policy.

2003
Following the launch of the Private Pension System in Turkey, Koç Allianz Hayat Sigorta A.Ş. changed its name to Koç Allianz Hayat ve Emeklilik A.Ş. and became one of the top five companies operating in the private pension branch in Turkey.

2008
Allianz took over the shares of Koç Holding and became the holder of 84.2 percent of Koç Allianz Sigorta shares and 87 percent of Koç Allianz Hayat ve Emeklilik shares.
As of October 7, 2008, the names of the companies were changed to Allianz Sigorta A.Ş. and Allianz Hayat ve Emeklilik A.Ş. respectively.

2013
Allianz became the main shareholder of Yapı Kredi Sigorta A.Ş. and Yapı Kredi Emeklilik A.Ş. in July 2013. The title of Yapı Kredi Emeklilik A.Ş. changed to Allianz Yaşam ve Emeklilik A.Ş. in October 2013. Yapı Kredi Sigorta A.Ş. was merged with Allianz Sigorta A.Ş.

2014
In October of 2014, the merger process of Allianz Sigorta A.Ş. and Yapı Kredi Sigorta A.Ş. was finalized. The activities of the companies continued under the name of Allianz Sigorta A.Ş..

2015
Allianz Turkey consolidated its headquarters at Allianz Tower, which swiftly became the symbol of the new generation insurance.

2016
Allianz Turkey decided to relocate its operation units to Izmir in line with its growth forecasts, business continuity and sustainability approaches. The construction of Allianz Campus, located in the Gaziemir district of Izmir, has commenced.

03

Allianz Turkey

About us

Allianz Turkey, comprised of three companies - namely Allianz Sigorta A.Ş. that operates in elementary insurance, Allianz Hayat ve Emeklilik A.Ş. and Allianz Yaşam ve Emeklilik A.Ş., both active in life and pension - operates with 2,500 employees, 12 regional offices, 4,000 agencies, over 2,000 bank branches, and more than 4,500 contracted institutions and serves 7 million customers in 81 cities.

Allianz Turkey closed 2016 as the leader of the insurance industry with a consolidated growth rate of 28 percent. In 2016, Allianz Turkey's consolidated profit reached TL 526.4 million with a consolidated turnover of TL 9 billion.

The Allianz Group, the main shareholder of Allianz Turkey, is the world's largest insurance company and the most powerful financial services provider, serving more than 86.3 million individual and corporate customers in over 70 countries with more than 140 thousand employees. By the end of 2016, Allianz Group had become one of the world's largest asset management companies with total revenue of Euro 122.4 billion and an asset size of Euro 1.361 billion.

At the heart of the insurance industry is the securing the future of the humanity in all its aspects. The sector influences and shapes the business world and every phase of life by continuously adapting to the needs and innovations of the day. Allianz, as one of the companies shaping the global insurance sector since its foundation, both through innovation and its way of doing business, works to contribute to the wellbeing of society, and its customers, shareholders and employees. Wherever there is a“humanity”, Allianz aims to be there to it forward, and "to trust, good and a sustainable future".

Our Governance **Approach**

Allianz Sigorta A.Ş.

Shareholders	Amount (TL)	Share (%)
Allianz SE	340.724.316,18	64,39
Allianz Europe B.V.	168.356.668,00	31,82
Tokio Marine and Nichido Fire Insurance Co.Ltd.	20.000.000,00	3,78
Other	66.579,82	0,01
Total	529.147.564,00	100,00

Allianz Hayat ve Emeklilik A.Ş.

Shareholders	Amount (TL)	Share (%)
Allianz Europe B.V.	67.509.999	86,00
Tokio Marine and Nichido Fire Insurance Co. Ltd.	8.635.000	11,00
Other	2.355.001	3,00
Total	78.500.000	100,00

G4-17 G4-38 G4-40 G4-EC6
G4-34 G4-39 G4-DMA: Market Presence

Allianz Yaşam ve Emeklilik A.Ş.

Shareholders	Amount (TL)	Share (%)
Allianz Sigorta A.Ş.	46.400.000,00	80,000
Yapı Kredi Finansal Kiralama A.O.	11.557.471,50	19,927
Yapı Kredi Faktoring A.Ş.	21.062,70	0,036
Yapı Kredi Yatırım Menkul Değerler A.Ş	21.058,80	0,036
Yapı ve Kredi Bankası A.Ş.	407,00	0,001
Total	58.000.000,00	100,000

Board of Directors of **Allianz Turkey Companies**

Allianz Sigorta A.Ş.

Name	Title
Cansen Başaran - Symes	Chairman of the Board
Sergio Balbinot	Vice Chairman of the Board
Aylin Somersan-Coqui	Board Member and Chief Executive Officer
Solmaz Altın	Board Member
Sirma Gentcheva Gotovats	Board Member
Shinji Urano	Board Member
Ahmet Turul	Board Member Responsible for Internal Control, Risk Management and Compliance Program and Vice Chairman of the Executive Board
Ömür Şengün	Board Member
Prof. Dr. Güler Aras	Board Member Responsible for Internal Audit
Arif Aytekin	Board Member, Vice Chairman of the Executive Board and General Manager

Allianz Hayat ve Emeklilik A.Ş.

Name	Title
Cansen Başaran-Symes	Chairman of the Board
Sergio Balbinot	Vice Chairman of the Board
Aylin Somersan-Coqui	Board Member and Chief Executive Officer
Solmaz Altın	Board Member
Sirma Gentcheva Gotovats	Board Member
Shinji Urano	Board Member
Ahmet Turul	Board Member Responsible for Internal Control, Risk Management and Compliance Program and Vice Chairman of the Executive Board
Ömür Şengün	Board Member
Prof. Dr. Güler Aras	Board Member Responsible for Internal Audit
Taylan Türkölmez	Board Member, Vice Chairman of the Executive Board and General Manager

Allianz Yaşam ve Emeklilik A.Ş.

Name	Title
Aylin Somersan-Coqui	Chairman of the Board and Managing Director
H. Faik Açıkalın	Vice Chairman of the Board
Niccolò Ubertalli	Board Member
Sergio Balbinot	Board Member
Sirma Gentcheva Gotovats	Board Member Responsible for Internal Audit
Ahmet Turul	Board Member Responsible for Internal Control, Risk Management and Compliance Program
Tolga Gürkan	Board Member and Vice President of Operations
Taylan Türkölmez	Board Member and General Manager

G4-17 G4-38 G4-40 G4-EC6
G4-34 G4-39 G4-DMA: Market Presence

Top Management of **Allianz Turkey Companies**

Allianz Sigorta A.Ş.

Name	Title
Aylin Somersan-Coqui	Board Member and Chief Executive Officer
Arif Aytekin	Board Member, Vice Chairman of the Executive Board and General Manager
Ersin Pak	Vice Chairman of the Executive Board and Chief Financial Officer
İlkay Özel	Executive Committee Member and Assistant General Manager, Human Resources
Klaus Peter Karl Mangold	Executive Committee Member and Assistant General Manager, Technical Affairs
Okan Özdemir	Executive Committee Member and Assistant General Manager, Marketing
Pınar Lembet	Executive Committee Member and Assistant General Manager, Health
Şebnem Seniye Karaduman	Executive Committee Member and Assistant General Manager, Legal
Tolga Gürkan	Executive Committee Member and Assistant General Manager, Operations

Allianz Hayat ve Emeklilik A.Ş.

Name	Title
Aylin Somersan-Coqui	Board Member and Chief Executive Officer
Taylan Türkölmez	Board Member, Vice Chairman of the Executive Board and eneral Manager
Ersin Pak	Vice Chairman of the Executive Board and Chief Financial Officer
İlkay Özel	Executive Committee Member and Assistant General Manager, Human Resources
Okan Özdemir	Executive Committee Member and Assistant General Manager, Marketing
Şebnem Seniye Karaduman	Executive Committee Member and Assistant General Manager, Legal
Tolga Gürkan	Executive Committee Member and Assistant General Manager, Operations

Allianz Yaşam ve Emeklilik A.Ş.

Name	Title
Aylin Somersan-Coqui	Chairman of the Board and Managing Director
Taylan Türkölmez	Board Member and General Manager
Ersin Pak	Chief Financial Officer
İlkay Özel	Assistant General Manager, Human Resources
Okan Özdemir	Assistant General Manager, Marketing
Şebnem Seniye Karaduman	Assistant General Manager, Legal
Tolga Gürkan	Board Member and Assistant General Manager, Operations

G4-17 G4-38 G4-40 G4-EC6
G4-34 G4-39 G4-DMA: Market Presence

Our Committees

Committee Name	
Board of Directors Committees	Advisory Council Executive Board Corporate Governance Committee Compensation Committee Audit Committee
Management Committees	Sustainability Committee Regulatory Compliance Committee Market Management & Pricing Committee Risk Committee Finance Committee Reserve Committee Claims Committee Project Portfolio Steering Committee Disciplinary Committee Integrity Committee Office Floor Change Committee

G4-34 G4-38

Our Environmental, Social and Governance Approach

Due to long-term commitments and the global impacts of its usiness, **ESG (environmental, social, governance)** factors constitute the basis of Allianz's management approach. Allianz Global has identified 13 sensitive business areas, namely agriculture, animal testing, animal welfare, betting and gambling, clinical trials, defense, human rights, hydro-electric power, infrastructure, mining, nuclear energy, oil and gas, and the sex trade, that have high ESG risk potential and can impact investors, customers, employees and society in general. According to its ESG approach, Allianz looks in detail at each transaction that falls under these sensitive business lines to better understand who is involved, what is being done and what are the likely effects. These can be the environmental impacts, and how they can be managed in an infrastructure investment; they can be human rights, or else occupational health and safety issues in another project. If Allianz finds that the risks are not handled or managed properly, it rejects the transaction or requires the counterpart to take measures to reduce the ESG risks.

ESG

Internal Audit, Transparency and Ethics

Through internal audit activities, Allianz controls, evaluates and regularly improves the implementation of its ESG factors based management approach within the organization.

Using the international knowledge and experience of Allianz Group, Allianz Turkey aims to transform the Internal Audit function into a strategic partner that supports the Company's mission and provides added value. For this purpose, the Company regularly works on improving the mission, organizational structure, resources, competencies and working methods of the Internal Audit Department. Within the scope of these activities, basic success criteria and occupational standards were reviewed; assurance and consulting duties were redefined, and audit activities and reporting processes were improved. These activities also include planning the service continuity of internal auditing, establishing channels to provide communication and information flow with business units, and undertaking activities to increase internal audit awareness throughout the Company.

Allianz Turkey's sustainable success is based on the trust that customers, shareholders, employees and the general public have in the integrity and performance of the Company. "The Code of Conduct for Business Ethics and Compliance", which was prepared to ensure the continuation of this trust, applies to all employees and sets to the minimum standards to which all Company employees must conform.

G4-41 G4-56 G4-57 G4-DMA: Anti-Corruption
G4-58 G4-SO5 G4-DMA: Anti-Competitive Behavior G4-SO7

Allianz Code of **Conduct**

- In addition to Allianz internal directives and policies, Allianz employees also comply with all laws, rules and regulations of the countries in which they work.
- Allianz Turkey does not tolerate discrimination or harassment in the workplace based on criteria such as age, disability, ethnic origin, gender, race, political attitude or personal point of view.
- The safeguarding of client related data and compliance with applicable legislation are important foundations for the trust in Allianz Turkey of its clients.
- Allianz employees do not mislead the market or clients with their actions and/or statements.
- When establishing a relationship with a customer, or providing financial services to a client, the utmost care is given to ensure that the customer is provided with the necessary information required to make reasonable decisions.
- Complaints from all former and current customers are handled promptly and fairly and in accordance with applicable laws and regulations.
- Allianz Turkey applies a zero tolerance policy towards corruption and bribery.

Our Stakeholder **Engagement**

Sustainability is a company's management of its own environmental, social, economic and governance responsibilities by taking its stakeholders, who are affected by its activities, and their priorities into account. Being in mutual dialogue with stakeholders, taking into account their opinions and needs and transparently communicating the performance of the Company to all stakeholder groups are among the priorities of Allianz Turkey. Creating meaningful relationships with stakeholder groups enables the Company to operate more effectively, to identify emerging problems, and contribute to the society as a responsible corporate citizen.

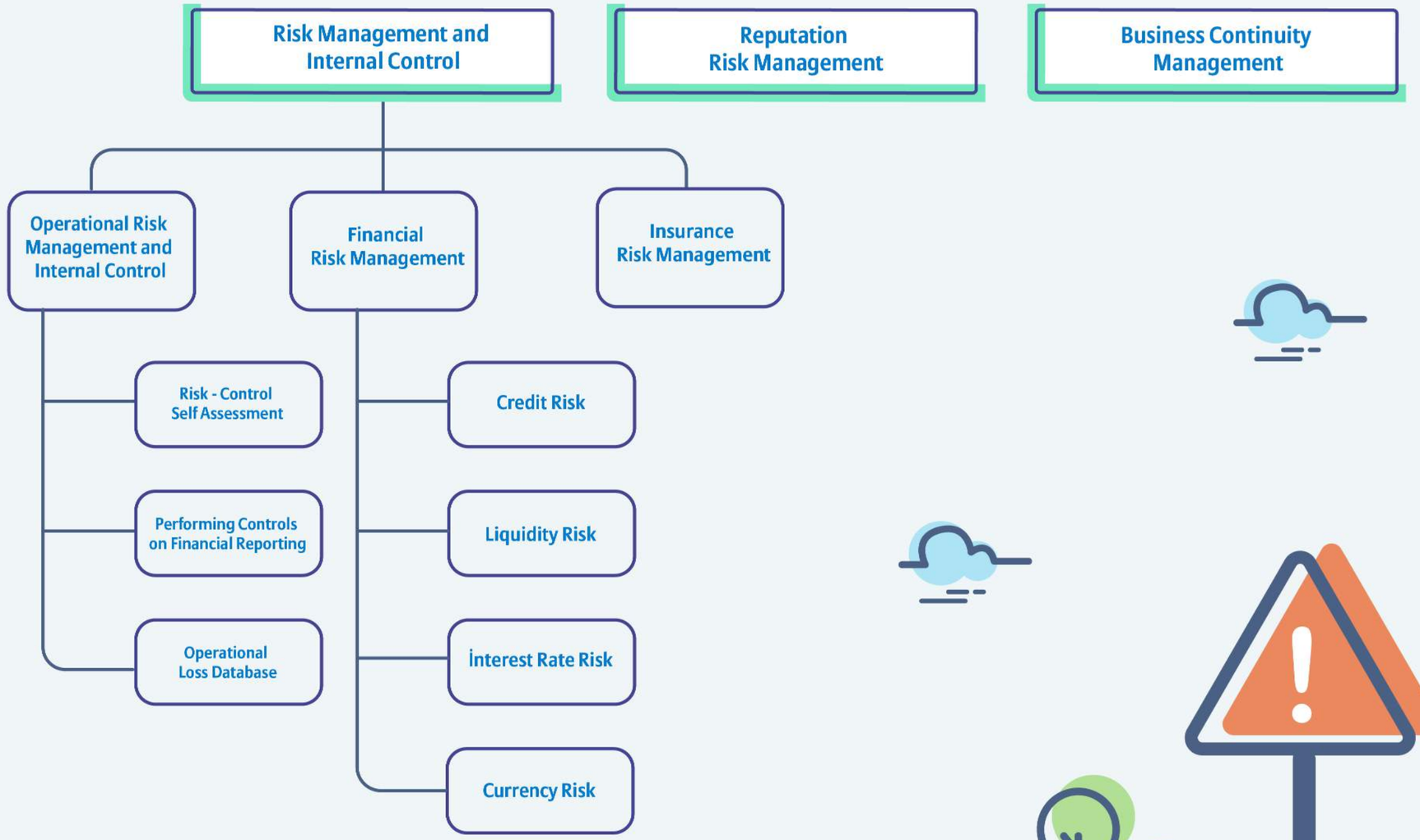
Stakeholders	Types of Engagement	Frequency of Engagement
Agencies	Buluşma Magazine	Quarterly
	Agency Meetings	Once a year
	DigitALL	Daily
	E-Notifications	When needed
Employees	Employee Satisfaction Survey	Annual
	CEO Breakfasts	Monthly
	Allianz Talks	Every 2 months
	Collab Day	Every 3 months
	Long Table Meetings	Every 2 months
	CEO Townhall	3 times a year
	Department Townhalls	When needed
	Birİz Magazine	3 times a year
	E-mail notifications	When needed
	Sales Meeting	Once a year

Stakeholders	Types of Engagement	Frequency of Engagement
Media	Press Meetings	When needed
	1-1 Talks with CEO	Throughout the year
	Interviews and Press Releases	Throughout the year
Customers	Advertisements	Throughout the year
	Market Research	Throughout the year
	Customer Satisfaction Calls	Throughout the year
All Stakeholders	Research	Throughout the year
	Stakeholder Sustainability Expectation Surveys	Once a year
	Annual Reports	Once a year
Society	Allianz Tower Meetings	Throughout the year
	Istanbul Marathon	Once a year

How Do We **Manage Risk?**

The insurance sector plays an important role in the economy and society not only by facilitating the sharing of risk and consolidation and efficient use of resources, but also by producing preventive solutions and providing compensation for damages. Thus, for Allianz, which is aware of the economic and social impacts of its business, proper risk management and responsible profit creation are the most important pillars of sustainable growth. Knowing that effective protection of the environment, society, institutions and individuals is only possible by identifying and correctly managing risks, Allianz takes a comprehensive approach to risk management with its professional teams, resources and investments in research and risk modeling.

Allianz Turkey manages its risks in line with technical profit expectations and within the framework of the precautionary principle, and determines the scope and conditions of collaterals and the premium amounts in accordance with these expectations. Critical issues for risk management such as risk strategy and policy, risk level and risk limits are discussed at the Risk Committee that meets at least four times a year and consists of the Company's senior management and Allianz Group representatives. Allianz Turkey employs internationally accepted risk management principles in its risk management procedures.



G4-2 | G4-DMA: Compliance (Product Responsibility) | G4-DMA:Compliance (Society) | G4-SO8

Risk Management and Internal Control

Operational Risk Management and Internal Control

It is essential to establish an effective internal control system to manage and mitigate the operational risks that may arise from inadequate and/or problematic business processes, personnel, information technology infrastructure and various external factors. In this context, Allianz Turkey employs the generally accepted best practices of the COSO (Committee of Sponsoring Organizations) to develop and strengthen the internal control system.

In order to continuously monitor, evaluate, supervise and track operational risks across the Company, Allianz Turkey follows three fundamental processes governed by the Risk Management, Internal Control and Compliance Directorate:

COSO; Is a voluntary organization established in the United States in 1985 to conduct studies to improve the quality of financial reporting through business ethics, effective internal controls and corporate governance. The definition of internal control included in the report prepared by COSO has been globally accepted and included in the relevant legislation of many countries.
The report is a reference for establishing an internal control system in the organization and measuring the effectiveness of this system.

Risk-Control Self Assessment

Possible operational risk scenarios identified by Allianz Group Risk Management are evaluated at workshops with the participation of process owners. The risk assessment process consists of testing the existing key controls for operational risks, rating the risks based on the probability of realization and impact levels, and establishing action plans for high-grade risks. Self-assessment aims to increase the risk awareness of all company employees at all levels and to ensure that all business units internalize the process.

Performing Controls on Financial Reporting

For those processes determined by Allianz Group Risk Management, the risks on the Company's financial reporting are identified. Key controls on identified risks are documented and evaluated and, where necessary, action plans are created.

Operational Loss Database

Operational loss incidents that the company is exposed to are reported to the Risk Management, Internal Control and Compliance Directorate in line with the established processes and standards. Operational loss incidents are evaluated and recorded in the database and, if necessary, corrective measures are taken to prevent their repetition.

Risk Management and Internal Control

Financial Risk Management

The Company is exposed to various financial risks such as liquidity, exchange rate and interest rate fluctuations by the nature of its operations. The company's risk management strategy and internal control systems are designed to minimize the potentially adverse effects of such risks on financial performance. The measurement, limit establishment, monitoring and reporting methods deemed appropriate for each risk type, along time and the assessment results are regularly discussed at the Risk Committee. Additionally, the Board of Directors makes decisions on general policies by observing investment policies at least once a year.

Credit risk

The main transactions bearing credit risk for the Company are investment activities and reinsurance operations. Allianz Turkey manages credit risk by counterparty credit risk ratings and monitoring limit compliance. For this purpose, it utilizes credit risk limits defined by taking into consideration the rating grades given by international rating agencies for each bank and reinsurance company, which is in, or is likely to be in a business relationship. The Internal Control and Compliance Directorate regularly monitors the limit overruns through the reports of the Risk Management department.

Liquidity risk

For a prudent liquidity risk management, investment decisions are taken in accordance with general technical requirements and obligations. In doing so, the Company gives utmost attention to minimizing the currency and maturity mismatches of assets and liabilities, and to keeping the appropriate amount of liquid and/or liquid convertible assets in the portfolio. If there is the possibility of a mismatch, the Company takes necessary precautions in a timely manner to prevent it.

Interest rate risk

The Company is exposed to interest rate risk as fluctuations in market interest rates affect the prices of interest-sensitive assets and liabilities. The Company manages the interest rate risk by balancing its interest-sensitive assets and liabilities. Furthermore, in order to evaluate the effect of interest rate fluctuations on the Company's solvency margin, stress tests are conducted every three months with various shock scenarios such as the rise or fall of interest rates to various degrees.

Currency risk

The Company is exposed to currency rate risk because of its foreign currency operations. Such risk is monitored by analyzing the foreign exchange position. The Company tries not to carry a foreign exchange position in order to keep exchange rate risk at a minimum.

Management of Insurance Risks

The Company is exposed to insurance risks due to the possibility of financial losses resulting from insufficient premiums and provisions for high, medium and low risks. Such risks are managed through the implementation of underwriting and pricing strategies and procedures, basing decisions on using various simulation models, and reinsurance agreements. At least once a year, the Board of Directors reviews reinsurance strategies and underwriting and pricing policies, and takes the required decisions accordingly.

In addition to the risks identified for existing products and activities, the Company also conducts risk assessments for newly developed products and services.
The possible financial, operational, legal and reputational risks of the new product or service, and the applications and control mechanisms to be employed to measure and manage such risks are determined by the relevant business units and put into practice upon approval by the Market Management and Pricing Committee.

Management of **Reputational Risks**

The value and future success of a company are directly proportional to its reputation in the eyes of not only the media, but also all stakeholders including customers, shareholders, employees, NGOs and the general public. Managing the reputation, especially in our digital era, is the key requirement of the sustainable growth of the companies.

Allianz Turkey strictly complies with the "Reputational Risk and Problem Management Standards" of Allianz Group. It is the responsibility of the Board of Directors to establish the organizational structures and operational procedures necessary to ensure compliance with the Standard.

Business Continuity Management

With the Business Continuity project, which has been carried out since 2009, emergency and business continuity plans are prepared in order to ensure the continuity of critical business processes in the event of emergencies such as earthquake, flood and fire. In accordance with these plans, a very realistic scenario is set up and practiced annually. In the exercise, with the creation of a disaster scenario that makes the main building unusable, all critical processes, including physical conditions are activated. In order to be as realistic as possible, all operations at the Headquarters building were actually halted for half a day. The business continuity exercise for the year of 2016 was successfully completed on 14 October 2016. In the exercise, around 180 employees, including all senior managers, were mobilized, the company systems at Allianz Tower were closed and reactivated as previously backed up in Göztepe Nida Tower, which is used as an alternative location, and more than 80 critical business processes were successfully implemented as planned.

At the same time, with the Allianz Business Continuity Mobile application implemented in 2015, business continuity team members can readily access Business Continuity Management cards, critical business processes, emergency contact names and contact information. Through this application, business continuity plans and personalized business continuity cards are kept easily accessible and up-to-date.

Our Balance Scorecard

The Balance Scorecard methodology is an executive discipline used by many Fortune 1000 companies as a management tool, and aims to help companies achieve all short-and long-term strategic goals and objectives. With Balance Scorecard, Allianz Turkey launched a new phase in its performance management system and created a new strategy map.

In a healthy performance management system, the alignment of employee performance goals with the organizational goals is important. At Allianz Turkey, half of the performance targets of all employees come from the main objectives and strategies of the Balance Scorecard.

The Balance Scorecard methodology reveals how employees and information capital are managed and will be managed, and how the technology capital is positioned; it and puts the customer at the center of all these. Thus, the Balance Scorecard allows aligning everything around the customer.

Financial Dimesion

Defines the long-term financial objectives and priorities of the company.

Customer Dimension

Defines how the company will create value for the customer experience and why the customer will prefer the company.

Internal Processes

Identifies the processes through which the desired customer experience will be created and what the company will focus on in its internal processes.

Employee Dimension

Defines the human resources, company culture, knowledge and technological competencies that will be required to produce desired business outcomes and make a difference in customer experience.

Our Rewards
A Year Full of Achievements

Allianz Turkey has received various awards in 2016.

Capital Magazine

Turkey's Most Admired Insurance Company

CIO 100

Technology Leader

Digital Age Magazine

The Most Social/Digital Brands of the New Generation

Allianz International AZI
Dr. Allianz

True Customer Focus

TÜHİD

Social Media Communication Ambassadors
In-house Communication

Boğazici University
Business World Awards

Insurance Company of the Year

Speech Analytics

Best Technology Usage in Customer Service

LACP

Annual Reports
Sector's Best Annual Report

The Communicator Awards
Fast Offer

Best Online-Interactive Video

TİSK
Allianz SomaDA

Corporate Social Responsibility Awards

04

Sustainability at **Allianz**

Sustainability at **Allianz Group**

As a global financial services provider of long-term products operating in around 70 countries, social and environmental responsibility is the foundation of Allianz's way of doing business .

Allianz strives to run a sustainable business and deliver sustainable products and services, and tries to provide solutions to global and local challenges through efficient and mutual dialogue with stakeholders. Allianz aims to contribute to the low carbon economy by protecting natural resources and the environment with its activities and products.
As a member of and partner in many global initiatives, the sustainability approach of Allianz is also reflected in its reporting processes and business practices.

G4-2 G4-15 G4-16 G4-35

- Joined CDP in 2000 as one of the founding signatories. Listed in the Carbon Disclosure Leadership Index since 2011.
- Included in the Dow Jones Sustainability Index since 2000.
- Included in the FTSE4Good Index since 2001.
- Signed the United Nations Global Compact in 2002.
- Reporting on sustainability since 2004.
- Included in the STOXX/Sustainalytics Index since 2013.
- Signed the United Nations – Principles for Responsible Investment (UN PRI) in 2011.
- Carbon-neutral company since 2012.
- Signed the United Nations Environment Program Finance Initiative (UNEP FI) in 2014.

Sustainability at **Allianz Turkey**

Allianz Global's sustainability approach also leads the efforts of Allianz Turkey. With the help of the Global's support, Allianz Turkey's sustainability strategy and model have been shaped by the vision of becoming a social brand that enhances the quality of life of the society. With its sustainability strategy, Allianz Turkey aims to transform itself and its way of doing business in accordance with the sustainability principles for the benefit and well-being of individuals, institutions and society.

Allianz Turkey is committed to proceeding by strategically placing sustainability in all areas of its activities, actively preparing customers for tomorrow's challenges and creating long-term value for all of its stakeholders.

Milestones of Sustainability in Allianz Turkey

- Allianz Turkey, as the only global insurance and pension company in Turkey to have signed the United Nations Global Compact, is also a signatory of the Women's Empowerment Principles.
- Allianz Turkey has been a member of the Sustainable Development Association since 2014 and was the first member of the Association in the industry.
- Allianz Turkey Sustainability Committee, established in December 2016, is responsible for applying the sustainability model to daily workflows, and directing and compliance with the strategy. The committee reports to the executive committee every month.
- Allianz Turkey strives to reduce its carbon footprint. The Allianz Tower, Turkey's first LEED Platinum certified tower, also received a LEED Gold certificate for the office floors.
- Reducing paper consumption is important for Allianz Turkey. Allianz Turkey, which transferred 66 percent of printed documents into digital format in 2016, aims to increase this rate to 80 percent by 2018.
- Allianz Turkey is one of the main supporters of the Climate Change from the Economic Perspective report prepared under the leadership of TÜSİAD.

Our Memberships

- Ethics and Reputation Association (TEİD)
- Sustainable Development Association (SRI) (Allianz Turkey is represented in Sustainable Finance, Sustainability Reporting and Women's Empowerment work groups.)
- Turkey Integrated Reporting Network (ERTA)
- Turkish Industrialists' and Businessmen's Association (TÜSİAD) (represented in the Environment and Entrepreneurship work groups.)
- Turkish Insurance, Reinsurance and Pension Companies Association (TSB)
- Global Relations Forum (GRF)
- Foreign Economic Relations Board (DEIK)
- International Investors Association (YASED)
- United Nations Global Compact (UNGC)
- United Nations Principles of Women's Empowerment (WEPs)
- Istanbul Foundation for Culture and Arts (İKSV) (Allianz Turkey is a Member of the İKSV Board of Trustees)

Initiatives Supported by Allianz Group

- Responsible Investment Principles (PRI)
- UNEP FI Sustainable Insurance Principles (PSI)
- Carbon Disclosure Project (CDP)

How our Sustainability Strategy Developed?

As Allianz Turkey, we started to develop our sustainability strategy first by establishing the Sustainability Office in January 2016. Following the determination of sustainability priorities with a strategy team consisting of the Executive Committee and Board Members, we evaluated the importance of these priorities to internal and external stakeholders by organizing stakeholder expectations surveys and workshops. Upon finalizing the priorities identified by stakeholders with senior management and the sustainability strategy team, we created a sustainability strategy and model parallel to Allianz Turkey's business strategies. We established a Sustainability Committee that actively represents all business lines and reports monthly to the Executive Board so that the sustainability model can be fully embedded in Allianz Turkey's activities. We also developed a performance module for regular measurement and tracking of sustainability.

Stakeholder Analysis and Materiality

In the course of determining its sustainability strategies, Allianz Turkey conducted a Stakeholder Expectation Survey in 2016 in order to gauge stakeholder expectations, determine performance potential and identify the areas of sustainability that need to be focused on.

The key stakeholders, who have the greatest impact on Allianz Turkey's activities and strategy, and who are mostly affected by the Company, were divided into the three main groups of internal stakeholders, business partners and opinion groups. In addition to face-to-face and online meetings with stakeholders, workshops were carried out with employees, managers and agencies.

In the context of the analysis, in order to assess the Company's sustainability perceptions among stakeholders, they were asked how well they found Allianz to be performing in the area of sustainability. The stakeholders' perceived priority areas for improvement of Company's corporate reputation were also identified.

Ten topics, prioritized by the stakeholder groups, are identified as material in the field of sustainability by Allianz Turkey.

G4-18 G4-19 G4-25 G4-26 G4-27

Stakeholders	Internal Stakeholders	Business Partners	Opinion Groups
	Allianz Turkey Managers Allianz Turkey Employees Agencies	Agencies Business Partners Individual Customers Hospitals Pharmacies Doctors Brokers	University students Academicians Professional Organizations - Business Professional Organizations - General
Form of Communication			
	Online Surveys and Workshops	Face to face interviews and telephone surveys	Face to face interviews and telephone surveys

The material sustainability topics that stakeholders want Allianz Turkey to manage (by the order of importance)

All Stakeholders	Internal Stakeholders	Business Partners	Opinion Groups
Increase customer satisfaction	Focus on employee development	Increase customer satisfaction	Focus on entrepreneurship and innovation
Focus on employee development	Increase customer satisfaction	Increase insurance awareness and facilitate access to insurance products	Increase customer satisfaction
Increase insurance awareness and facilitate access to insurance products	Focus on corporate governance and transparency	Focus on employee development	Focus on employee development
Focus on corporate governance and transparency	Increase insurance awareness and facilitate access to insurance products	Working on demographic change (aging population, changing generations, etc.)	Working on demographic change (aging population, changing generations, etc.)
Focus on entrepreneurship and innovation	Focus on entrepreneurship and innovation	Develop preventive solutions (chronic diseases, traffic accidents, natural disasters, etc.)	Increase insurance awareness and facilitate access to insurance products

Stakeholder Analysis and Materiality

Taking into consideration the stakeholder analysis results, in-house evaluations and Allianz Group strategy, the priorities to be included in Allianz Turkey's sustainability strategy were determined.

Preventive Solutions

- Working on climate change and transition to low-carbon economy
- Develop green products and solutions
- Develop preventive solutions (chronic diseases, traffic accidents, natural disasters, etc.)

Entrepreneurship and Innovation

- Focus on entrepreneurship and innovation

Demographic Change

- Working on demographic change (aging population, changing generations, etc.)

Internal Priorities

- Icrease customer satisfaction
- Focus on employee development
- Focus on corporate governance and transparency
- Develop Corporate Volunteering activities

Increase insurance awareness and facilitate access to insurance products

G4-18 G4-19 G4-25 G4-26 G4-27

Sustainability **Committee**

In order to make sustainability a part of Allianz Turkey's daily workflows, policies and practices, an effective and widely participated in Sustainability Committee was established in December 2016 with the active representation of all business units. The Committee reports directly to the Executive Board.

The duties of the Sustainability Committee are to give appropriate recommendations within the scope of sustainability on society, product/service, environment and climate change related activities in line with the corporate strategy and objectives, to interact with key internal and external stakeholder groups on sustainability issues, and to conduct studies on Company activities of the Company in this area and provide suggestions accordingly.

Name	Title	Committee Responsibility
Burçun İmir	Corporate Communications and Sustainability Office Director	Head
Pırıl Kadıbeşgil	Sustainability Office Supervisor	Vice President
Melike Demirel	Strategy and CEO Office Director	Member
Fatoş Yağan	Learning Resources, Channels and Analytics Manager	Member
Hümeyra Boztunç	Anti-Corruption Manager	Member
Mehmet Nakkaşoğlu	Brand, Campaign Management and Marketing Communications Group Head	Member
Uğur Çomoğlu	Operational Support and Procurement Manager	Member
Erkan Işıksal	Customer Experience and Product Management Group Head	Member
Voluntary Participants	Human Resources Operations Manager, Human Resources Performance Manager, Project Management Office Manager, P&C Operations Specialist, Sales and Distribution Channels Specialist, Legal Manager, Investment Management Manager, Innovation Office Manager, IT Supervisor, Risk Engineering Supervisor, MidCorp Underwriting Specialist, Risk Management Specialist, AGCS Supervisor, Finance Supervisor, Digital Office Supervisor, Audit Specialist, Auto Product and Actuary Officer, Health Operations Supervisor, P&L Planning Officer	Participant

G4-34 G4-36 G4-42 G4-48 G4-49

Our Sustainability **Manifest**

In implementing our sustainability strategy into practice, we focus on the environment, individuals, institutions and society.

"Our Motto:
Allianz is with you, siding with good "

For **Good Environment**, remain mindful of global climate change and to work actively to mitigate it,

For **Good Individuals**, we aim to increase the quality of life by focusing on the individual's physical, mental and economic health,

For **Good Institutions**, we aim for other institutions we interact with to also become sustainable,

For **Good Society**, we aim to contribute to the sustainable development of the community and to be a good corporate citizen.

As a signatory to the United Nations Global Compact, we have adopted climate action, good health and well-being, decent work and economic growth, sustainable cities and communities, gender equality and, in this respect, the Principles of Women's Empowerment. We support global solidarity and define our impact area as a social brand that enhances the life quality of the community.

Our Sustainability **Goals**

2017 Goals

Bring at least 3 green products/solutions to Turkey in 2017

Create a Corporate Social Responsibility Program

Put Corporate Volunteering Program into practice

Publish the industry's first international sustainability report in Turkey

Measure and monitor performance throughout the year

We are a Part of **Global Solidarity**

Allianz continues to operate as part of a collective solidarity by managing the globally defined actions of the Sustainable Development Goals in line with its strategy. Allianz Turkey, as the first international insurance company in Turkey to became a signatory to the United Nations Global Compact in Turkey, has developed a sustainability model that directly contributes to the "Climate Action", "Good Health and Well-being", "Decent Work and Economic Growth", "Sustainable Cities and Communities" and "Gender Equality" principles of the 17 Sustainable Development Objectives of the United Nations.

GOOD HEALTH AND **WELL-BEING**

Ensure healthy lives and promote well-being for all at all ages

GENDER **EQUALITY**

Achieve gender equality and empower all women and girls

DECENT WORK AND **ECONOMIC GROWTH**

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SUSTAINABLE CITIES AND **COMMUNITIES**

Make cities and human settlements inclusive, safe, resilient and sustainable

CLIMATE **ACTION**

Take urgent action to combat climate change and its impacts

The United Nations Sustainable Development Goals are the 17 Sustainable Development Goals adopted by world leaders at the United Nations Sustainable Development Summit on 25 September 2015 to end poverty, combat inequality, injustice and climate change by 2030.

Our Sustainability **Focus**

Preventive **Solutions**

As an insurance company, Allianz's core responsibility is to identify risks and develop preventive solutions against those risks in order to facilitate the lives of its customers. Within the context of its sustainability strategy, Allianz pioneers the development of preventive solutions to help individuals and organizations equip themselves with the right tools against risks related to their assets, health and environment.

Allianz Turkey will carry out information-sharing and awareness-raising activities that are based on Allianz's global practices and best practices in Turkey, and support the financial well-being of individuals and institutions by providing economic and real savings with products and services that offer preventive solutions.

Our Sustainability **Focus**

Entrepreneurship and **Innovation**

Starting from itself, Allianz will transform the entrepreneurship and innovation culture into social benefits and develop its competencies in this area. With the support and value given to entrepreneurship and innovation;
Allianz aims to;

- place innovation in the DNA of the corporate culture,
- support and encourage young entrepreneurs in the field of innovation,
- support the Social Innovation and Entrepreneurship ecosystem and focus on the generation of social benefit,
- make effective use of risk innovation in management, as well as of preventive and green business solutions.

Allianz Turkey **Innovation Office**

Allianz Turkey established an Innovation Office in order to explore the Company's innovative potential in the Company, to connect with the start-up ecosystem and establish strategic partnerships, to create and spread innovation culture in the company, and to manage innovation and entrepreneurship issues.
The Innovation Office's responsibilities are:

Corporate Entrepreneurship

Organizing Corporate Entrepreneurship Programs (Training and coaching of in-house entrepreneurs), being a center for 'innovative ideas and projects', conducting research on new trends and technologies.

Cultural Transformation

Innovation culture, encouraging changing thinking and working styles (Lean Startup), attracting young talent and becoming the best place to work, and strengthening employees' innovative and entrepreneurial skills

Partnership Management

Allianz Turkey started to play a leading role in supporting the ecosystem of Turkish entrepreneurship. Approaching the external eco-system has a vital importance for Allianz products. In this context, Allianz supports Turkey E-Tohum and Entrepreneurship Foundation through strategic partnership.

Strategic Partnerships (E-Tohum, GV, TÜSİAD etc.), Start-Up Relations (E-Tohum Private Call, Startup Turkey, Fit. Han. Program etc.), University Collaborations (TechnoParks and business development centers, etc.).

Our Sustainability **Focus**

Allianz Turkey's sustainability model, which will shape its sustainability strategy and the way of doing business, was built on a broad assessment of stakeholder expectations, organizational priorities and targets.
The model is based on good environment, good individuals, good institutions and good society. The model is built upom two key focus areas: “preventive solutions” and “entrepreneurship and innovation”.

Allianz Turkey's sustainability model was inspired by the emblem that is at the heart of the Allianz brand. Every element in the sustainability strategy has a counterpart in the emblem.

G4-18 G4-19 G4-27 G4-DMA: Indirect Economic Impacts

Our **Pillars**

GOOD **ENVIRONMENT**

Allianz aims to make visible and contribute to the prevention of the negative effects of global climate change on society and the industry. With innovative approaches and preventive solutions, Allianz tries to increase knowledge and minimize the negative effects of global climate change on society and the industry, starting from itself. It aims to raise social awareness of the increasing risks of climate change through research and informative studies.

GOOD **INDIVIDUALS**

Allianz aims to raise the life quality of individuals, the pillars of society. It helps individuals to equip themselves with the right tools against risks in order to be physically, spiritually and economically healthy at every phase of their lives and pioneer the development of preventive solutions.

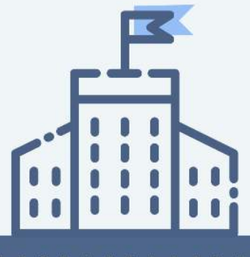
GOOD **INSTITUTIONS**

Allianz aims to make sure that first Allianz and then other institutions it interacts with are healthy and sustainable. To achieve that, it believes that good corporate governance principles and proper risk management are essential. While raising the bar to very high levels in its own corporate management, it also sheds light on other institutions, starting from the sector it is in and the institutions it insures.

GOOD **SOCIETY**

Good societies increase the quality of life of individuals by supporting sustainable development goals at social, environmental, economic and governance levels.

As a good corporate citizen, Allianz aims to contribute to the sustainable development of the society in which it operates. By analyzing the change in the demographics, Allianz focuses on the social and economic structure of society and the needs and habits of individuals in each phase of their lives and aims to act on the issues that enter its impact area.



Allianz summarizes its sustainability approach, as defined by the vision of being a social brand that enhances the quality of life of society, with the motto "Allianz is with you, siding with good".
For Allianz, "good" not only means physically health, but also being stable, at peace, and on the side of what it right.

Good **Environment**

We work for the **"Good Environment"**.

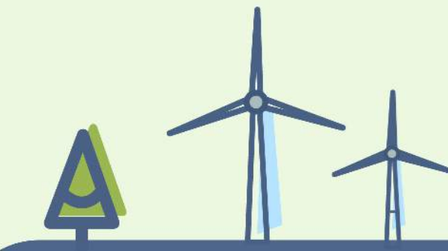
Due to the nature of the insurance industry -the protection of individuals and institutions from possible risks - Allianz aims to make visible the negative effects of the global climate change on society and the industry, and to contribute to the prevention of such effects. Beginning with itself, Allianz tries to raise the awareness of all individuals and institutions of the negative effects of global climate change, and to help them minimize such effects through innovative approaches and preventive solutions.

G4-DMA: Materials G4-DMA: Energy G4-DMA: Emissions
G4-DMA: Effluents and Waste G4-DMA: Products and Services

Taking advantage of Allianz Global's experience and products in environmental and climate issues, Allianz Turkey is currently examining more than 150 green solutions and products applied globally in order to adopt suitable products in Turkey.

In addition, Allianz Turkey is among the main supporters of TÜSİAD's Addressing Climate Change from an Economic Policy Perspective Report. The Report was presented at the Climate Summit in Marrakech to numerous stakeholders, including the United Nations.

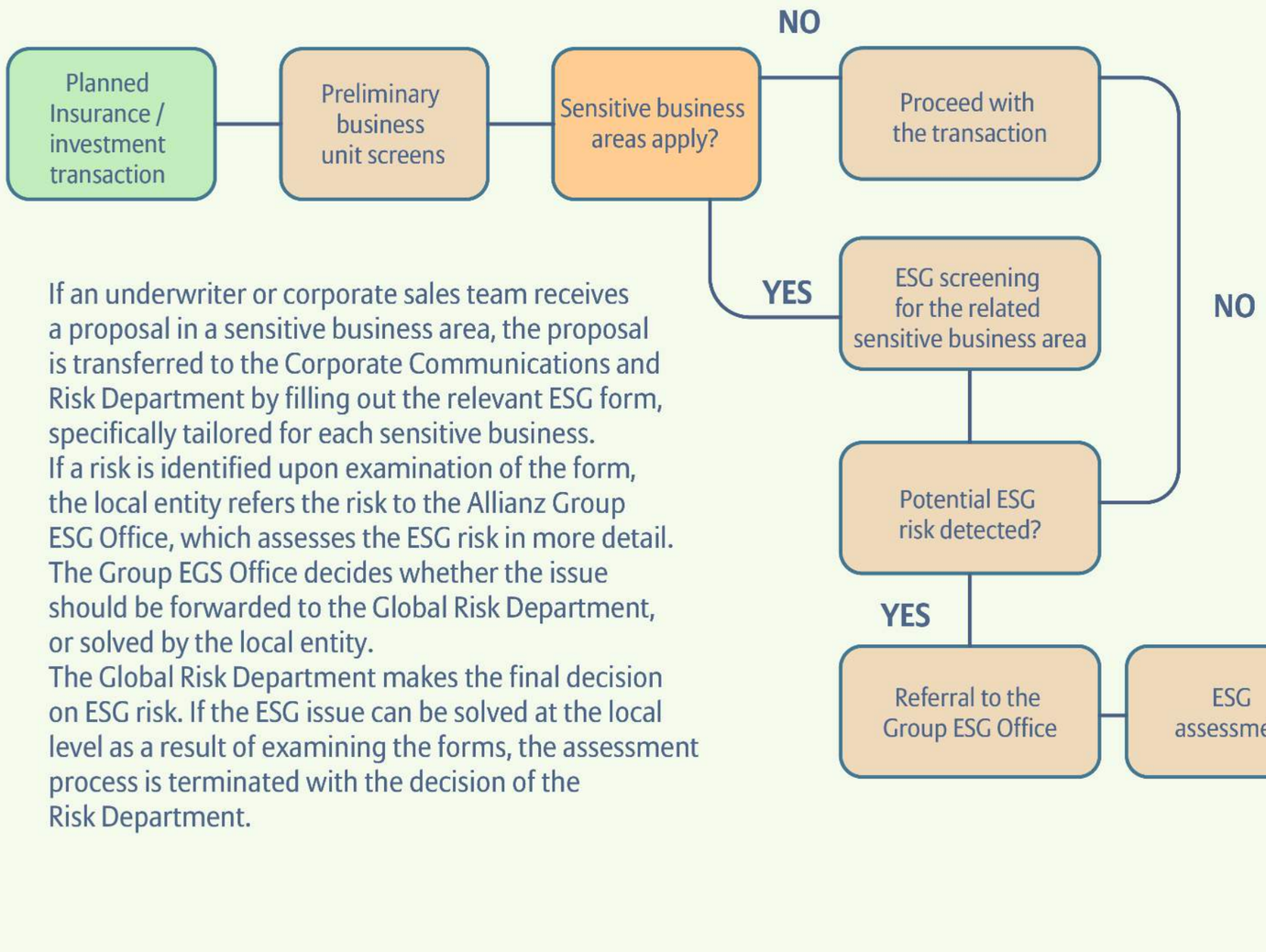
Together with the Climate Solutions Center of the Allianz Group, Allianz Turkey is also working on publications, research and reports that can create awareness in Turkey in this field.



ESG
Referral Process

The insurance sector, which provides long-term commitments to its customers, must constantly be alert to new risks arising from climate change, global warming and changing environmental conditions, and continually improve its risk assessment approach. In this context, for Allianz, environmental, social and governance (ESG) issues are part of its everyday decision-making processes and its codes of conduct.

The integration of ESG issues into insurance activities at Allianz takes place through a global ESG screening process. When one of Allianz Global's sensitive business areas is detected during the decision-making process, a predetermined referral mechanism is triggered. ESG scans are made in line with guidelines based on international standards and best practices and include important issues to be considered for each sensitive business area. The same procedure applies to all companies of the Allianz Group.



If an underwriter or corporate sales team receives a proposal in a sensitive business area, the proposal is transferred to the Corporate Communications and Risk Department by filling out the relevant ESG form, specifically tailored for each sensitive business.
If a risk is identified upon examination of the form, the local entity refers the risk to the Allianz Group ESG Office, which assesses the ESG risk in more detail.
The Group EGS Office decides whether the issue should be forwarded to the Global Risk Department, or solved by the local entity.
The Global Risk Department makes the final decision on ESG risk. If the ESG issue can be solved at the local level as a result of examining the forms, the assessment process is terminated with the decision of the Risk Department.

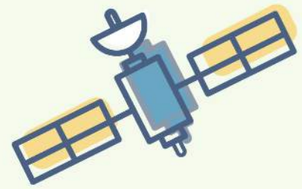
G4-EC2 G4-45 G4-SO1 G4-SO2 G4-SO11
G4-DMA: Grievance Mechanisms for Impacts on Society

Allianz **Goes Digital**

In our digital era, consumers are following new technologies and are increasingly conducting their business online; they are demanding that insurance and service offers be made online as well. Allianz plans to digitize the entire user experience of its clients and business partners in step with new technologies and demands.

With online technologies, customers can access insurance products wherever they can access the internet, or mobile connections, buy online products and communicate with Allianz. Allianz constantly updates its business processes to remain compatible with new technologies and transforms physical documents with paperless/digital options wherever possible to reduce paper use.

Becoming a fully digitalized company means offering customers exciting, intelligent and secure products and services on the device or channel they prefer to use, while at the same time maintaining their privacy and data security. Digitalization not only reduces paper waste, but also improves and accelerates internal documentation processes.



In addition, planned digitization projects such as "digitally sending information forms", "digitization of policy pages to be printed and wet-signed by the customers" and especially "digital approval from motor own damage insurance customers", which constitutes 50% of the company's production, will further reduce paper consumption and expedite processes.

With the completion of automation projects in the health insurance branch, Allianz Turkey aims to increase the digitalization rate, currently at 66%, to 68% in 2017 and to 80% in 2018.

Digital Provision System

By transferring the provision processes into the digital environment through its Digital Provision System, Allianz Turkey increases the scope of its customer satisfaction oriented services in health branches. Thanks to the Digital Provision System, hospital authorities can now submit provision requests through 4 different channels. With digitalization, the process completion times are shorter and client follow-up processes easier. For those files completed in automated mode, the provisional approval time is one second after entry of the provision by the hospital into the system. Upon approval of the provision, the process is terminated by sending an SMS to the client's phone numbers registered in the system confirming completion of the provision process.

Allianz Turkey's outpatient automation rate is 69%. The rate of automation achieved by Web-Pharmacy applications is 99%.

Paperless Approach for **Good Environment**

Believing that a good environment is a universal foundation, Allianz strives to reduce the use of paper in its operations to a minimum, and to digitalize its processes. Allianz uses virtually no paper during the processing of motor and miscellaneous property and casualty insurance products.

Allianz examines incoming and outgoing documentation processes and identifies points where improvements can be made within the scope of digitization applications. For each product segment, digitalization targets are set for 2017 and 2018.

Digitalization Realizations and Targets per Product Segments

Inbound	2015	2016	2017	2018	Outbound	2015	2016	2017	2018
Motor - Property & Casualty	96%	96%	96%	96%	Motor - Property & Casualty	99%	99%	99%	99%
Miscellaneous - Property & Casualty	92%	92%	92%	92%	Miscellaneous - Property & Casualty	99%	99%	99%	99%
Health	34%	48%	58%	67%	Health	85%	90%	91%	92%
Life & Pension	78%	79%	81%	83%	Life & Pension	78%	84%	86%	87%
Total	**54%**	63%	70%	75%	**Total**	**85%**	89%	90%	91%

Paperless Approach in Health Claims Processes

Postpaid Claims

Previously, all of the compensation claims for health costs paid by policyholders were managed through printed documents and payments could be completed in about 15 days. Following the digitalization of postpaid claims processes in 2016, the payment settlement period has been reduced to one business day.

Retail Operations Going Paperless with the My Allianz Application

With the "health expenditure request" feature of the My Allianz application, policyholders can request their expenditures simply by sending the photos of their invoices and supplementary reports, therefore eliminating the need for sending the hard copies. Policyholders can track the request with the same application and upload the picture of other required documents during the process.

Paperless Agency Relations with Agency-web Application

When policyholders submit invoices to their agencies, agencies upload billing data to the application and perform the follow-up transactions digitally. Policyholders can track their claims with the same application, and digitally add documents where requested. The application not only reduces paper use by eliminating the need to share and archive printed documents, but also facilitates and accelerates the processes.

Planned Paperless Projects

"Paperless Project" for Personal Insurance Products

With this project planned for the risk assessment process of personal insurance policies, incoming documents will be indexed and promptly added to the document management system, and hence to the underwriting process. The Project will eliminate time consumed by re-accessing incoming documents and the need for document duplication, therefore will providing agency satisfaction and reducing the number of authorizations.

In-network Institutions Claims

Currently, the invoices of approved provisions entered into the system by in-network institutions are delivered to the Company as hard copy. The documents, again as hard copy, are sent to the in-network Institution's claims departments and subject to manual distribution throughout the process. The digitalization of this process is targeted for completion in 2017.

G4-EN27

Green Products for **Good Environment**

Insurance of Renewable Energy Projects

With the increasing energy demand, renewable energy projects have become one of the driving forces of the Turkish energy market. Due to the effects of climate change and the lack of conventional energy sources, there is an increasing interest in green energy investments in Turkey as is in the rest of the world. Green energy investments in Turkey are predominantly focused on wind and hydro projects, while solar energy investments are expected to increase in the near future.

Allianz Turkey also contributes to the development of the clean economy in Turkey with its broad range of insurance products for renewable energy facilities (wind, hydro and solar). As of the end of 2016, Allianz Turkey has 145 policies in its renewable energy production portfolio.

Allianz Services for Energy Security

Allianz Turkey provides insurance services to coastal facility operators, including open ocean facilities and pipelines, which are involved in activities that may cause marine pollution from oil or other harmful substances. In this context, Allianz Turkey had 15 policies in its portfolio as of 2016.

Flood Map

The Allianz Risk Areas Map Project guides authorized personnel with automatic alerts and displays the number of insured customers and cumulative risk within the risk area. Within the scope of the project, risk areas throughout Turkey are defined on a map by conducting field studies related to natural disasters, especially floods, and scanning the damage data to date. To keep an up-to-date inventory, the project is continually updated for area descriptions and new risks and areas.

Insurance of Electric Vehicles

As of December 2016, Allianz Turkey has motor third party liability insurance policies for 162 electric cars, 3 electric vans and 22 electric motorcycles; there are motor own damage insurance policies for 37 electric cars and 3 electric motorcycles.

G4-EN27

Allianz Tower: New Generation **Eco-Friendly Building**

Since September 28, 2015, Allianz Turkey has performed its activities in Allianz Tower, Turkey's first LEED Platinum certified tower, which is also a pioneer in terms of its intelligent, environmentally friendly and technological features in the fields of energy-efficiency, environmental awareness and digital technology. The Allianz Tower perfectly fits the vision, mission and values of the Company with its features that can meet all the needs of employees with its A+ building technology and working environment. The building, offering the highest levels of comfort and safety, also supports the transparency and open communication principles of Allianz business culture with its modern architecture and open office concept.

G4-EN6

Allianz Tower: New Generation **Eco-Friendly Building**

Located in Allianz Tower, Allianz Turkey Office is one of the few office projects in the world with "Gold" level certification in the "LEED for Commercial Interiors" category. Some of the sustainable strategies and solutions implemented in the Allianz Office project under the LEED System are:

Sustainable Land and Location

The location of the office is chosen by the proximity to public transport facilities, so as to reduce the need for individual vehicle use and transportation-related carbon emissions.

Water Efficiency

The efficient water faucets used in the building provide a reduction of more than 35% in water consumption.

G4-EN6

Materials and Resources

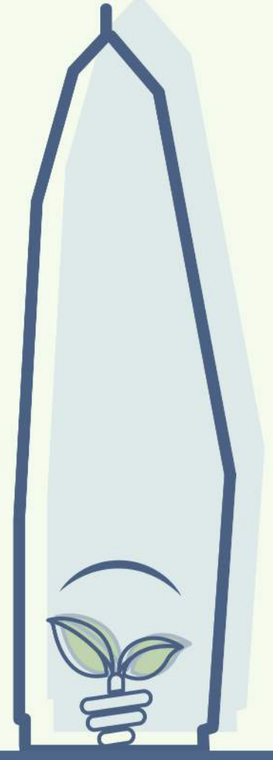
All construction materials used in the building are sustainable and environmentally friendly. During the construction, 90% of the waste was separated and re-used or recycled. More than 15% of the materials used in the construction had a recycled content and over 30% were locally sourced.

Energy efficiency

With the energy-efficient lighting fixtures selected in the Project, lighting efficiency per square meter is 30% less than the standards. In addition, 75% of installed power of the lighting fixtures is also designed to operate with the motion sensors. The energy expenditure of any system in the building is monitored by means of energy analyzers and calorimeters through a building energy monitoring system.
In addition, environmentally friendly cooling agents that do not damage the ozone layer are used in cooling systems.

Interior Quality and User Comfort

Interior ventilation systems are designed to provide a healthy and comfortable environment for users. The individual control in heating and lighting systems has increased to achieve more energy saving and increased life quality. In order to reduce the energy used for lighting and maximize the positive effects of daylight on individuals, the design of the building was based on the best use of daylight.



Good **Individuals**

We aim to raise the life quality of individuals with our "**Good Individuals**" motto.

Each person deserves high quality products and services tailored to their needs. The key priority for Allianz is to improve the quality of life of individuals and to protect them in a proper and affordable manner against risks at every stage of their lives. Being good means not only physical health, but also financial and spiritual stability. Allianz offers many products that will support individuals in every phase of their lives, ranging from elementary products that meet their needs today to retirement and life products designed to improve their future.

G4-DMA: Marketing Communications

In order for individuals to make the most appropriate choice, in addition to open and transparent communication and marketing of products, it is also important to enable them promptly, accurately and safely reach to Allianz whenever they need, and to take the right action quickly. In this regard, Allianz continually strives to provide its customers state-of-the-art insurance and services optimized with digitization, process automation and intelligent process management.

Customers expect insurance companies to understand and manage the risks that they face throughout their lives. For this, excellent data quality, and high employee quality and digital competence for the processing of such data are required. Allianz Turkey aims to respond fully to customers' insurance needs and provide the fastest and best service by combining its advanced digital facilities with quality products and a customer-oriented service philosophy.

Our Customers are Our Passion

In order to manage customer interactions, leave positive memories in both the minds and hearts of customers, understand their expectations, and the difficulties and troubles they face, Allianz Turkey conducts intensive customer satisfaction surveys on all major customer journeys. Through monthly "NPS-Net Promoter Score" surveys, the customer recommendations of Allianz are measured at the end of major customer journeys in all branches. Allianz has been one of the most highly recommended companies for the past five years.
In addition to NPS, Allianz Turkey regularly measures the performance of its products and services offered through various customer and market research studies.
Customers' experiences while using Allianz products or while in contact with Allianz are known as the "End-to-End Customer Journey". Customer Journey Maps, created to see the entire customer experience from the customer's perspective, are one of the most important tools used to understand what customers expect from the Company, where they have difficulties, when they feel good or bad, and to make improvements accordingly.

Allianz Turkey aims to always be one step ahead of customer demands by rapidly adapting new digital technologies to its product, service and business processes.

With “My Allianz”, **my Insurance is in my Pocket!**

"My Allianz" is a mobile application with which Allianz customers can track their policies and perform various transactions.

With My Allianz, customers can access all of their policies from a single location, see up-to-date and past health expenditures and payments, and track remaining limits. In order to claim medical expenses incurred at out of network healthcare organizations, clients can submit their claims digitally by uploading their invoices and documents to Allianz's mobile application. The clients can easily access their savings data, examine the sub-details on a needs basis, and perform funds transactions.

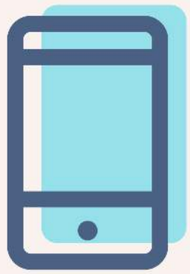
In the event of emergency, they can quickly reach call center channels quickly such as ambulance and road assistance, with one key. With the Road Assistance option, the towing vehicle can be called and the arrival time and distance tracked.

Allianz on the Road

An Allianz World Partner's project, "Allianz on the Road" is an application included in My Allianz mobile application to facilitate the life of the vehicle owners. Allianz customers can easily call a towing vehicle simply by pressing the call button and track the distance to arrival of the vehicle on the map in Istanbul, Izmir and Ankara.

Rate my Driving

"Rate my Driving", an application to increase the awareness of safe driving, measures driving speed, brake use and driving distances.



Innovative Products and **Services**

G4-4 G4-PR1 G4-PR6 G4-PR9
G4-DMA: Customer Health And Safety
G4-DMA: Product And Service Labeling

We offer elementary products for a better today; pension plans for a better tomorrow and life products for a better future

Elementary Products Facilitating the Lives of Individuals

With the mission of protecting the health of its customers and being with their families at all phases of their lives, Allianz Turkey provides a wide range of health products and services tailored to individual needs.

"Just say that you love, Allianz is with your loved ones."

"Leader of the health insurance in Turkey"
Allianz is committed to pioneering all health related insurance products. Allianz wants to be the first name that comes to mind in health insurance in Turkey and aims to reach this goal by being by the side of its customers throughout their lives.

As of 2016 year end, Allianz Turkey continues to lead in health insurance with a share of 35%.

Modular Healthcare Product

Allianz Turkey introduced the revolutionary "Allianz Modular Health Insurance" product in the private health insurance branch in 2015. Providing freedom of choice for customers, this innovative product offers the opportunity to purchase only the health insurance services that customers need, instead of purchasing standard insurance packages. With the flexible solutions offered by Allianz Modular Health Insurance, customers can freely create their private health insurance coverage in line with their needs and expectations.

Secure Home

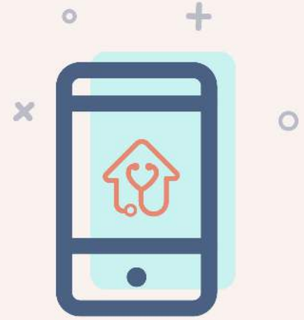
With "Secure Home", free safety equipment is installed to policyholders over 70 years of age to prevent the home accidents.

Dr. Allianz

"Dr. Allianz" is a free health information line that can be reached through both the call center and Allianz mobile application, and provides 24/7 free consulting services to policyholders with a staff of experienced doctors and nurses.

Newborn Visit Program

Carried out through a contracted home care company, the program includes neonatal nurse visits to the homes of policyholders who give birth at in-network health institutions in Istanbul, Kocaeli, Bursa, Ankara and İzmir.



Complementary **Health Product**

Allianz Complementary Health Insurance is a product that covers the surcharges the insurance holder may pay for medical services received under General Health Insurance from private medical institutions by the Social Security Agency (SGK) at SGK-contracted branches and by SGK-contracted doctors. In this context, customers can freely create the coverage of their private health insurance in line with their budget, needs and expectations. This product is positioned as a "welcome" product for young policyholders.

By helping deliver health insurance to each individual with Complementary Health Insurance, Allianz Turkey is contributing to the “Healthy Individuals" target of the United Nations Sustainable Development Goals of the United Nations.

Mixed product

Used in group health insurance and providing a price advantage to policyholders, Mixed Product is a combination of traditional private health products and a complementary health product. In the individual segment, insurers may also create their own hybrid policies by purchasing complementary health insurance products in addition to comprehensive health insurance.

Quick Offer Application

A part of the Digital Transformation Program started in 2014, the "Quick Offer" application was launched in 2015. The application allows customers to receive motor own damage and motor third party liability insurance quotes on the web very quickly, with just one step and two data inputs. Customers can buy these products directly online if they wish.

Automatic Document Verification (OCR) Application

With the planned OCR-automatic document verification application, manual controls during the discounted policy production phase will start to be done automatically. Only those documents that cannot be verified automatically by the system will be checked manually by the authorized personnel. With the launch of the application, the automation rate in the motor own damage insurance branch is expected to rise from 96% to 97%.

Life and Pension Products for Every Phase of Life

Refundable Life Insurance

Designed for pension policy customers, Refundable Life Insurance is a program where if the insured person and the insurer are alive at the end of the policy period, all of the paid premiums are reimbursed to the insurer.

Modular Investment Package

In order to facilitate the selection of pension funds for customers, various funds packages were created. By means of a few questions, the package appropriate to the customer is determined among the four different packages of funds for Low, Medium, Medium-High and High Risk. The Modular Investment Package was launched at the start of November 2016.

My Child's Education

My Child's Education Guarantee helps Allianz Turkey customers to lessen their future concerns by securing their children's education. With My Child's Education Guarantee, in the event of an unexpected situation, the policyholder’s child's education expenses are covered for a predetermined time.

Good **Institutions**

We support **good institutions** by adopting good corporate governance principles and proper risk management.

Managed by the Environment, Social and Governance Principles since 2012, Allianz Turkey aims to make sure that first itself and then other institutions it interacts with are healthy and sustainable in order to be a good corporate citizen. By adopting sustainable corporate governance principles and proper risk management, Allianz wants to be the best in its own corporate governance, while at the same time aiming to lead other institutions, starting with the sector it is in and the companies it insures.

G4-4 G4-EC8 G4-DMA: Employment G4-HR12

We Share Our Knowledge and Increase Insurance Awareness

Allianz Turkey shares its insurance sector and risk experience and knowledge with various audiences through lectures and presentations.
Dr. Ceyhun Eren, Head of the Technical Underwriting and Risk Control Group, has been giving lectures on Business Continuity Management and Physical Risk Management within the scope of the Insurance and Risk Management Graduate Program offered by Istanbul Commerce University since 2014. He has also been giving risk-engineering courses at SEGEM (Insurance Training Center) and TSEV (Turkish Insurance Institute Foundation). Dr. Eren also plays an active role in the management of TÜYAK (Turkey Fire Protection and Education Foundation and Fire Protection Association) and actively participates in the implementation of fire applications in our country.

Erkan Özdağ, a risk engineer in Allianz Turkey, has been organizing seminars on Risk and Risk Engineering at Çağ University since 2011.

In addition, Allianz organized risk awareness workshops for SMEs in Gaziantep, Konya and Kayseri in 2016 within the context of the "Strong and Secure Tomorrows" Project, reaching a total of 155 individuals.

Within the scope of information sharing activities, Allianz Risk Engineers give annual briefings for underwriters on risk definition, risky business areas, risk definitions on a sectoral basis (warehouse, plastic sector, chemical-paint sector, etc.), up-to-date fire and security measures, workplace layout etc. and how to make inquiries on issues that may create risk, and how to evaluate the available risk related data. Underwriters also join risk engineers at their risk analysis field visits and have the opportunity to see and learn on-the-field applications. These visits are added to the underwriters' annual goals.

Gender Equality and **Women's Empowerment**

We Support Collaborations for the Empowerment of Women

Allianz Turkey is a member and supporter of Turkish WIN (The Turkish Women's International Network), which aims to encourage women to discover their potential, to increase awareness on different platforms, and to support and encourage change through coaching and activities. With Turkish WIN, Allianz Turkey contributes to sharing the inspirational stories of female leaders from Allianz Global and beyond the Company with the future women leaders.

Allianz Turkey plans to make collaborations in 3 different fields namely Turkish WIN, BinYaprak.com that enables women to come together on a digital platform and Young Women's Career Day where more than 1,000 participants gathered under the leadership of 103 female student campus representatives of at 45 universities. Through BinYaprak.com, Allianz aims to transfer its best practices, to lead women leaders who want to be mentors within the institution, and to reach talented young college students on a digital platform.

Gender Equality in Allianz Turkey

We are the first insurance company to sign the United Nations Women's Empowerment Principles in our country

Allianz Turkey sets an example to its industry and the society with its high rate of female employees and good practices. Six one percent of Allianz Turkey employees and 41% of managers are women. Allianz Turkey also aims to provide a better work environment for its female employees through flexible working hours and telecommuting options.

Allianz Turkey Became the First Turkish Insurance Company to Sign the United Nations Women's Empowerment Principles

In addition to other efforts it has been carrying out to strengthen women's role in society, Allianz Turkey signed Women's Empowerment Principles (WEPs) in 2016, formed in partnership with the United Nations Global Compact and the United Nations Gender Equality and Women's Empowerment Unit (UN Women).

The Women's Empowerment Principles (WEPs) platform is one of the most important global initiatives of the private sector aimed at empowering women to ensure that they can take part in economic life in all sectors and at all levels. Established in 2010 with the partnership of the United Nations Global Compact and the United Nations Gender Equality and Women's Empowerment Unit (UN Women), the WEPs platform provides the private sector with important elements that should be taken into consideration to ensure gender equality in the workplace, marketplace and society in general. The Women's Empowerment Principles require business-world leaders to openly commit to the seven principles for creating corporate policies that promote gender equality. These principles provide simple rules and suggestions that guide companies to empower women in the workplace, the marketplace and society. Leaders who have signed the CEO Support Statement show their intention to include and enforce the Women's Strength Principles from the boardroom to their workplaces and from the supply chain to the society in general.

G4-DMA: Diversity and Equal Opportunity
G4-DMA: Equal Remuneration For Women And Men
G4-HR3
G4-DMA: Non-Discrimination
G4-DMA: Human Rights Grievance Mechanisms

Employee Relations - **Good Allianz**

Allianz Turkey's Human Resources approach is based on "Labor Relations Regulation". In accordance with the Regulation, the selection, placement and development of employees is made in accordance with the knowledge, skills and abilities of people. In addition to equal and work-based payment; training programs that enhance performance, efficiency and effectiveness within the organization, the necessary conditions are provided for optimal employee performance. Policies and procedures are shared with employees in all labor relations related areas such as office rules, applications, holidays, leave, insurance rights and management.

Allianz Turkey Human Resources conducts all of its activities in line with the principle of respect for private life and all citizenship rights regardless of race, gender, sexual orientation, national origin, ethnic identity, age, religion, political opinion or physical disability.

Our "Values Kick Off"

Within the framework of efforts to determine future vision, Allianz Turkey launched a "Value Project" in 2014 in order to define values that will guide all the actions and decisions of its employees with a common mind.

The project is aimed at combining all Allianz Turkey employees under common values and to contributing to the understanding, owning and promotion of these common values as the corporate culture by all Allianz Turkey employees. For this purpose, 10 workshops were organized and the opinions of 217 employees who were organized into 49 groups were received. The common values of Allianz Turkey employees were determined as "The Customer is Our Priority", "We are Trustworthy and Fair", "We are a True Team" and "We are Pioneers".

Leadership Manifesto

Allianz Turkey believes that its values must first be adopted, internalized and spread by the leaders as role-models. The "Leadership Manifesto" that will guide managers was written and signed by all the leaders of Allianz Turkey in 2014, in order to execute the principles of the manifesto in daily life.

Interactive Employee Evaluation Process

Allianz's corporate culture supports continuous communication with employees at all stages of business. Employee evaluations made with this understanding are achieved through bilateral interactions. 360 Behaviour Assessment is an evaluation process involving all employees . All employees, except direct sales employees, are included in the target assessment process, in which the objectives given at the beginning of the year are assessed and graded at the year-end.

My Colleague is My Travel Companion: Yolyola Project

Cooperating with Turkey's travel-sharing network yolyola.com that brings together people traveling on the same route, Allianz Turkey offers a special and environmentally friendly alternative for its employees to and from work. In this manner, Allianz Turkey's employees contribute to decreasing Istanbul traffic density, protect the environment and help solve parking problems. Allianz is the first company to implement the Yolyola project in Turkey.

G4-DMA: Employment

Employee **Communication Channels**

Employee Loyalty Survey

Continuous and healthy communication with employees is one of the priorities of Allianz. The Employee Loyalty Survey conducted annually on a global scale is an important indicator of employee loyalty. Allianz Turkey's participation in the survey in 2014 was 97% and 95% for 2015 and 2016, respectively.

"You're my Customer" Internal Customer Satisfaction Survey

Prepared for all employees, "You're my Customer" is an Internal Customer Satisfaction Survey that will support the rise in customer and service focus of the functions that work together. This survey evaluates the quality of the service each employee receives from each other and identifies areas that are strong and open to development, and thereby aims to increase internal customer satisfaction. The survey was first conducted in November 2016.

Employee Value Proposition

Allianz places importance on in-house innovation and continuous improvement, and in this context, it evaluates the recommendations of its employees through a corporate mechanism. In early 2016, Allianz Turkey started to implement the Employee Value Proposition (EVP) project of Allianz Global. Within the scope of the proposition, web-based survey studies were conducted with a total of 156 people, including 92 new employees, 34 former employees and 30 candidates who rejected job offers. Allianz Turkey's strengths and areas open to development were determined by utilizing the results of the Employee Loyalty Survey of 2015 and Universum 2016 University Student Perception Survey conducted in 38 universities with a total of 36,227 students. With the Employee Value Proposition, communication with current and potential employees is expected to further strengthen. Employee Value Proposition results are planned for integration into all Human Resources processes.

Work Well

"Work Well" is a program implemented in cooperation with the University of Düsseldorf and aimed at contributing to the well-being of Allianz employees. With the program, the actions are planned and implemented that will ensure Allianz employees have a good start to the day, and to help Allianz to became a more productive and healthier workplace.

G4-PR5

bi' mola

The "bi'mola" social activities club was launched to make Allianz Turkey a stronger Employee Brand and to create a more enjoyable work environment where employees feel the value given to them. The aim of bi'mola is to boost team spirit among the employees of Allianz Turkey, such that they better know and understand each other. In this direction, activities such as sightseeing tours, the arts, concerts, sports, social responsibility projects and various hobbies are organized according to employee demand.

Girls on the Football Field

The now-traditional organization is the first private women's football tournament in Turkey, and having the highest participation in its field. Simultaneously having a social responsibility dimension, the organization supports AÇEV and provides scholarship opportunities to female students in İTÜ through the İTÜ Women's Studies and Application Center. Allianz Turkey has been participating in the tournament for the past 3 years.

Company League (Allianz Men's Football Team)

This is the first inter-institutional sports event organized in Turkey to professional standards. Allianz Turkey has been participating in the organization, which has been held since 2004, meeting the demands of company employees and acknowledging the workload during the year. All practice sessions of the company team comprised of 22 employees accompanied by a football coach.

Dragon Festival

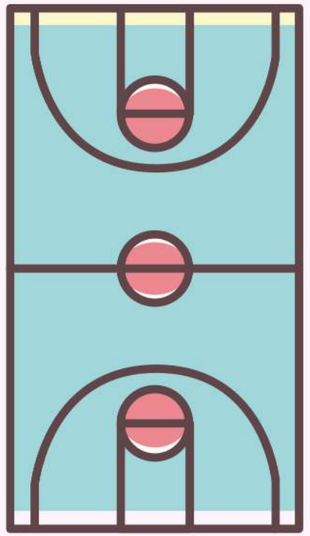
Allianz Turkey is participating in the Dragon Festival, Turkey's widely participated in corporate sports organization held in May and September each year, with 18 drummers and 17 rowers. Participants have make at least 10 rowing practice sessions throughout the year.

Tennis Team

The "International Insurers Tennis Tournament" has been held at Miltas Sports Facilities since 1986. At the tournament, foreign reinsurers and brokers interested in the Turkish insurance market have the opportunity to meet in with insurance companies in a different atmosphere. Allianz Turkey joined the tournament for the first time in 2016 with 2 employees.

Running Team

As a part of Allianz World Run initiated by Allianz Global, a team consisting of employees who love to run and want to represent Allianz Turkey in social responsibility projects attends various events throughout the year.



bi' mola

Allianz World Run

In the Allianz World Run event, which was initiated and organized by Allianz Global, all Allianz employees across the globe performed races for 90 days. With every step taken in Allianz World Run, which has also entered the Guinness World Record, it is aimed to support the SOS Villages that provide a warm home and good education to disadvantaged children. Over a 90 day period, Allianz Turkey employees completed 906 runs making a total of 7,255 km. In the Allianz Group, the figure realized exceded 1,202 million km and thus raised EUR 600,000 for donation.

Social Activities and Social Responsibility Projects

Throughout the year, bi'mola organizes activities in different categories that can appeal to all employees' hobby and entertainment preferences. Among these activities are international and local tours, and attendance of theater, concerts and other stage events.

Allianz undertakes several social responsibility projects with its employees in support of a good society. Indeed, contributing to the society with its human resources is a part of the Allianz culture. Some of the ongoing social responsibility projects are:

- Blood donation with Red Crescent
- Getem - Audio Book Reading Activity
- Recycling Championship
- Ecological Life in the City with Buğday Derneği
- Nature friendly children with Yeşilist
- Coastal Cleaning with Turmepa on the Islands

Internal **Communication**

Allianz Turkey conducts its internal communication interactively through numerous channels, such as magazines, bulletins, announcements, LCD screens and intranet.

Sosyal@allianz

Allianz Turkey's intranet "sosyal@allianz", which received first prize in User Experience Design and Content Management categories in INTRA.NET Reloaded 2015, is an environment where all departments can communicate and make their announcements.

Allianz Talks

Allianz Talks is a version of the TED Talks adapted to corporate projects, at which Allianz Turkey employees share their inspiring stories that turned into successful projects in 10-minute sessions. To date, a total of 7 employees have shared their stories in Allianz Talks, each with the participation of the CEO.

Social Media Communication Ambassadors Program (SMAP)

The program was developed with the collaboration of Kadir Has University and received Golden Compass award in Internal Communication category in 2016. Employees participating in the program specialize in the social media use and become Allianz Turkey's Social Media Communication Ambassadors.

CollabDay

Allianz "CollabDay" events are the meetings where Allianz Turkey employees listen to each other and "collaborate to see the big picture" by sincerely sharing their experiences. CollabDay activities, where employees from different departments and management levels come together to determine the topic, are expected to create an environment that supports initiatives by increasing awareness.

Long Table Meetings

At the Long Table Meetings, experts in their respective fields exchange ideas with 12 management-level employees comprising of group heads and above.

Breakfast Talks

Invited by Allianz Turkey CEO Aylin Somersan-Coqui, employees come together in a friendly conversational environment at regularly scheduled breakfasts and find the opportunity to talk about everything ranging from culture, the arts and the magazine to business.

CEO Townhall

Through CEO Townhall meetings held in every 4 months, the Company's position in the industry, implemented projects, achievements and future goals are shared with all employees via live broadcasts on LCDs on the Office floors of the Headquarter building and regional offices.

CEO Blog

Via CEO Blog at sosyal@allianz, CEO shares her views on issues on the agenda of Allianz Turkey.

Allianz Turkey **Academy**

For Allianz Turkey, education is one of the most important inputs to the success and development of its employees whom it sees as a family. In this respect, the Company aims to provide all kinds of technical and personal development training that its employees need.

Allianz Turkey Academy was established in January 2015 with the goal of leading the Turkish insurance sector in education and development and creating brand value in the careers of Allianz Turkey employees. The Academy develops and delivers a wide range of training programs, ranging from personal development to specialty programs for employees at all levels.

G4-LA10
G4-DMA: Training and Education

Special Training Program for True Customer Focus: Our Passion is Our Customers

The "Our Passion is Our Customers Development Program" was designed on the basis of the values of Allianz's globally accepted "True Customer Centricity" and Allianz Turkey's "The Customer is our Priority". This program aims to create a corporate culture that is based on caring about customers and delivering a unique "Allianz Customer Experience".

Beginning on December 3, 2015, Our Passion is Our Customers training was given to all managers of Allianz Turkey, including members of the Executive Board, Directors, Group Heads, Managers and Supervisors as of June 2016. All Allianz employees, especially employees at customer contact points, are expected to participate in these trainings. In 2017, in class and online training programs are planned for agencies, in addition to employees.

Furthermore, with a more comprehensive 3-day training on Customer Experience, 60 employees throughout the Company were trained to be "Customer Experience Ambassadors". These ambassadors are responsible for leading the change and bringing improvement suggestions from all business functions, especially theirs, to the senior management's agenda with the collaboration of the Customer Experience team.

Allianz Turkey **Academy**

Teamwork and Cooperation Development Program

TIM Meetings

"TIM Meetings" aims to contribute to the formation of an open communication culture and mutual trust within the Company, and to improve the outcomes of teamwork by strengthening intra-organizational cooperation. At the same time, it aims to keep alive one of the four values of Allianz Turkey, namely "We are a Real Team", and make it an important part of the corporate culture.

Leadership Development Program

AllLead

The "AllLead Leadership Development Program" was designed for managers and supervisors, taking into account the outputs of needs analysis carried out at the beginning of 2016 and the Company's strategies. In 2016, the training of senior management commenced; the training of supervisors is scheduled to start in 2017. With the AllLead Leadership Development Program, Allianz Turkey aims to develop in the following areas:

- Keep the leadership manifesto behaviors alive
- Create a common culture and language of leadership
- Develop leadership competencies and behaviors
- Strengthen the cooperation between business functions
- Achieve cultural transformation together with leaders

Personal Development Planning

Personal Development Planning activities are designed to support the development of behaviors towards realizing the Company Values and Leadership Manifesto and the strategy of achieving a learning organization culture. This is aimed at encouraging employees to take responsibility for their careers and development by increasing their self-awareness, and to encourage managers to adopt development coach roles.

In Personal Development Planning, it is aimed for every employee to take responsibility for his/her own development, to provide feedback and to discover individual development opportunities through development solutions such as classroom trainings, Film and Talk, books, articles, digital books, videos and films

Professional Development Programs

- Sales Channels, Agency Representatives and Agencies Development Program

"Sales Force Development Program" aims to turn all the sales teams of Allianz Turkey into the best-equipped sales professionals in the industry in terms of knowledge and skills. The program addresses the special needs of each sales channel.

- Auto Damage Development Program

It is a macro-level development program designed to pioneer industry by training innovative, pioneering, customer and market-oriented and technically fully equipped auto damage specialists.

- P&C Academy: Center for Specialized Training Programs

The task of the P&C (Policies & Claims) Academy is to provide technical excellence for the Allianz Group. It aims to strengthen underwriting and pricing competencies and encourage the sharing of best practices within the Group.

The P&C Academy conducts group-wide accreditation programs designed for various technical roles at bronze, silver and gold levels. Various training programs have been designed for each accreditation level. P&C Academy accreditation helps Allianz Group's technical experts to consistently update their knowledge as they progress through their careers. In this direction, the Allianz Turkey Academy supports the participation of employees in the Allianz Global P&C Academy by contributing technical/professional development and career plans.

- Human Resources Development Program

Launched in 2016 and planned for completion by the end of 2017, the aim of the program is to support the development of the Allianz Turkey Human Resources team into professionals who are experts in their fields, strategic business partners of business units, role models and pioneers of transformation.

The content of the program has been designed by adapting the competency sets defined by SHRM and CIPD, the world's largest Human Resource organizations, to Allianz Turkey. Within the program, 21 functional development areas including 12 technical and 9 behavioral competence development programs will be executed.

Allianz Turkey **Academy**

Corporate Continuity and Cultural Development Programs

"I am Allianz " Orientation Program

Started in June 2015, the "I am Allianz" Orientation Program is a training program that helps new employees to adapt to the Company and to learn the company culture. The program consists of 11 modules and lasts 2.5 days. Since sales teams are given a separate training program, the program is targeted towards non-sales personnel.
New employees also visit the Call Center and Digital Agency to learn more about customer contact points.

Internal Trainers

In order to promote the learning and knowledge sharing culture in the Company, to help accumulate corporate memory and to contribute to the company's sustainable success, Allianz Turkey launched the Internal Trainers Selection and Development program in 2015. This program aims to achieve an effective knowledge management in the Company, and to leverage internal resources to give both technical and personnel development training with to the greatest extent possible.

With the internal trainers development program, around 150 internal trainers are continuously supported and developed through classroom, virtual classroom and distance learning methods.

Digital Learning Technologies

E-Learning

Allianz Turkey Academy uses new learning technologies, digitalizes its processes and reaches more employees by digital platforms to the greatest extent. All types of online training sources are offered to employees through the Academy's Training Management System. In addition, since mid- 2016, the virtual classroom, a space-independent educational solution to which employees can connect from wherever they wish, has been available.

As well as supporting employees with online education resources, Allianz Turkey Academy also supports the development of agencies and the Company's business partners.

Education Management Processes are Going Digital

As a natural consequence of focusing on employee satisfaction as much as that of customers, Allianz has spread the benefits of digitalization throughout the organization and has digitalized its education management processes, as in all of its processes.

An infrastructure was created that enables access to the training history of employees with a single report. At the same time, employees can view their training histories on a single system.

G4-DMA: SO4

Good **Society**

"For a "**Good Society**", we should first be a good corporate citizen first.

As a good corporate citizen, Allianz gives importance to contributing to the sustainable development of the society in which it lives. It focuses on the social and economic structure of society, the better understanding of risks facing individuals and society, and the needs and habits of individuals in each life phase by exploring the change in demographics. It aims to act on those issues on which it has an impact. Allianz tries to play a positive role in society by building a culture that encourages employees to become volunteers to support the communities in which they operate.

G4-EC7 G4-EC8 G4-SO1
G4-DMA: Local Communities

Responsible Investments for Good Society

As an insurance company, Allianz's investment decisions might affect individuals, businesses and economies. As a signatory to the United Nations Responsible Investment Principles in 2011, responsible investment for Allianz means to integrate ESG factors systematically into investment decisions without sacrificing profitability.

Portfolio management of Allianz Turkey companies is conducted in accordance with the rules set by Allianz Investment Management. The Finance Committee determines the benchmarking criteria for the strategic asset allocations and portfolio performance metrics for each portfolio.

While portfolios can invest in investment vehicles in their strategic asset allocations within the pre-determined limits, they cannot include investment vehicles that are not in the asset distribution in their portfolios. Company procedures issued by the Allianz Group for portfolio management also apply to Allianz Turkey.

Investment operations in Allianz Turkey are carried out transparently and with due regard for the separation of duties. While transactions are carried out by portfolio managers, operational processes are monitored by the cash management department. The market price and limit controls of the transactions are carried out by the fund operations department. Risk Management performs assessments by taking into account the criteria on financials that the banks disclose every 3 months.

Yatırım@Allianz

To increase in-house financial literacy, a tab was created at Sosyal@Allianz. Graphics and charts of the current market and macroeconomic data and educational videos are published on this portal. In addition, an Agency Bulletin is published every 3 months providing general information to agencies on important economic developments affecting domestic and foreign markets.

Relations with **Agencies and Suppliers**

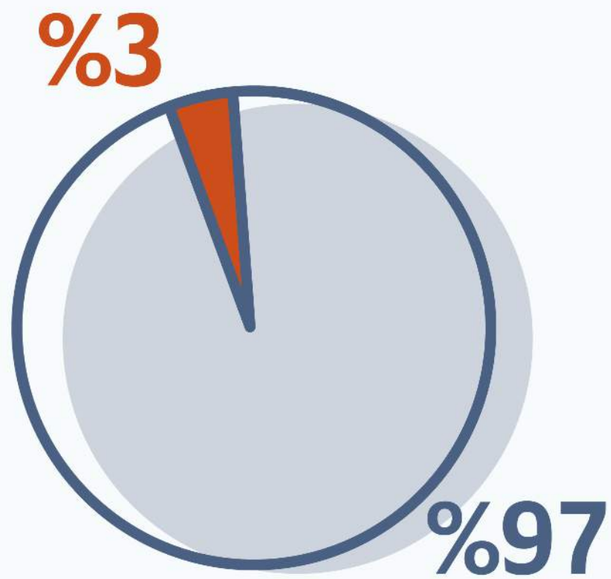
In addition to developing a sustainable business approach within the Company, Allianz Turkey works to support its supply chain as fully as possible. Allianz Turkey, as one of the highly digitalized companies in the insurance sector, established the DigitALL agency platform within the Digital Transformation Program launched in September 2014 in order to be more customer focused, to provide solutions that will facilitate the life of agencies and to increase productivity. With DigitALL, agencies can perform all the work processes on just one platform; therefore with increased speed, reduced error rates and significantly increased agency productivity, they have more time to devote to for active sales.

Agency Satisfaction - Agency Assessment

Agency satisfaction surveys are carried out regularly on digital platforms and the results are monitored on a monthly basis. According to the survey results, improvement studies are carried out to increase satisfaction.

We Support Local Suppliers

As a natural part of its sustainability approach, Allianz supports the local economy. The company works with local suppliers in the areas of technology, transportation, food, cleaning, office materials, travel, etc. to provide goods and services and carry out its activities. Of total 2016 purchases 97% were made from local companies, or from Turkish branches of foreign companies.



G4-12 G4-HR4 G4-EC9
G4-DMA: Freedom of Association and Collective Bargaining
G4-DMA: Procurement Practices

Allianz Stands by the **One in Need**

"With SMEs to Strong and Secure Tomorrows"

As part of the "Strong and Secure Tomorrows" project, organized by the coordination of Allianz Turkey, and supported by public and local administrations, Allianz Turkey visited Konya, Kayseri and Gaziantep in April, May and June of 2016.
Free training sessions were organized with Risk Engineers to SMEs and businessmen in these cities on subjects such as risk management, SME insurance, export insurances, private pension plans and automatic participation. With these sessions, SMEs were informed of current developments and their awareness was raised. During these visits, panels and university events were organized, where Allianz senior management fielded questions coming from SMEs.

We Joined Forces for Koruncuk Foundation

Ninety of Allianz Turkey's employees ran in the Vodafone 38th Istanbul Marathon on November 13th to support the Turkey Foundation for Children in Need of Protection (Türkiye Korunmaya Muhtaç Çocuklar Vakfı or Koruncuk), which works to develop those children and young people who are abandoned, neglected, abused and susceptible to bad into individuals beneficial to society. Ahead of the marathon, the Allianz Turkey running team appealed for support for the construction of Koruncukköy in Urla, İzmir through the İyilik Peşinde Koş (Run for good) Platform of Adım Adım, a volunteer-based social initiative in Turkey that promotes charitable giving. As a result of this contribution, growing with various in-company events, Allianz Turkey became one of the Golden Institutions that provide the most support to the Koruncuk Foundation.

G4-SO1

Allianz SomaDA

The Allianz SomaDA Project, (Solidarity Network) aims to improve the quality of life in the long term by helping to reduce the effects of the disaster experienced by the people of Soma and its surroundings. The Project, initiated in 2015 in collaboration with the Science Heroes Association and the Union for Psychosocial Disaster Services, continued with diverse investments in 2016. Students from 16 school districts affected by the disaster participated in the FIRST LEGO League tournament in 2015. These students have also been supported also in 2016. In 2015, the Soma Youth Center, which came to life with the initiatives of the Atatürk Elementary School and the District Governor, was also supported. In addition to the 30 computers that were purchased for the Center in 2016, the various repairs needed for the daily functioning of the Center were also undertaken.

Green Allianz

Since 2015, Allianz Turkey has been carrying out sponsorship and awareness-raising activities for the protection of the environment with the Word Wildlife Fund (WWF) and Buğday Association for Ecological Living. Allianz Turkey is one of the first companies to have implemented the "Green Collar" education, which was launched by the TEMA Foundation, together with its employees.

Needs Map

Allianz Turkey supports the schools through Needs Map initiative organized within the scope of its annual Agencies and Sales Team Meetings. As a first step, 105 students in need in an elementary school in Istanbul were supported at the agency meeting in May. Allianz Turkey plans to reach 395 more students with this initiative. At the agencies meeting, the needs of 8 schools, 10 schools and 1,300 students were met.

Allianz Insurance Elementary School

Allianz Turkey continues to annually support the students of the elementary school it helped to build in the village of Mollakasim following the Van earthquake.

Support to Education from Allianz Volunteers

Allianz Volunteers continue to support students who are receiving education in Darüşşafaka Schools under the Koç University Anatolian Scholarship program and through the Turkish Education Foundation.

Allianz's Support **for the Arts**

Music for Society, Allianz for Music

For Allianz, as a social brand that enhances the quality of life in society, the support of music and young talent, and the strengthening of cultural ties with society through music is a corporate responsibility.

Allianz supports music with organizations such as the Allianz Junior Music Camp, which is accompanied by the Lang Lang International Music Foundation, founded by Allianz Global Brand Ambassador Lang Lang, one of the 100 most influential people in the world. Allianz Turkey's support to music began with Lang Lang's Istanbul concert in 2014 to an audience of art lovers, young people, students, non-governmental organizations and Allianz Turkey customers. As with the concert, music culture workshops were organized with the Şevki Karayel Academy with the attendance of 500 students, who were given the opportunity to listen to the world's most celebrated pianist live.

In addition, an advisory committee, comprised of important names of classical music such as Cem Mansur, Süher-Güher Pekinel, Görgün Taner and Yesim Gürer Oymak, was set up to select a young musician who will enjoy the opportunity of accompanying Lang Lang in this concert. The Advisory Committee introduced Kaan Baysal, a talented eleven-year-old pianist with Allianz.

Becoming the brand ambassador of Allianz, Kaan went to Barcelona and became the first young talent from Turkey to join the Allianz Junior Music Camp. He also became the face of the camp in Vienna along with Lang Lang in 2015.

Allianz Turkey has continued to be the pioneer institutional supporter of the Music for Peace Foundation, which gives support to young musicians. The Music for Peace Foundation aims to provide free music education opportunities to as many children as possible and to advocate peace through music, and has created social and cultural facilities for thousands of children who thus far have had only limited opportunities so far.

Allianz Turkey is also among the institutional supporters of the Turkish Youth Philharmonic Orchestra, founded by Cem Mansur as the first example of its kind in the country. Allianz continues to support young musicians through the Turkish Youth Philharmonic Orchestra, which each summer brings together 100 music students between the ages of 16-22 selected from conservatories all over the country, and give a series of concerts in Turkey and abroad after a period of rehearsal.

In 2015, Allianz Turkey launched Motto Music, the first and only digital music platform of Turkey, which provides free Turkish content to anyone who wants to access and learn music. Via YouTube, Motto Music broadcasts programs that are prepared and hosted by names like Yekta Kopan and Murat Meriç. In addition, free music lessons are offered for those keen to learn to play an instrument; guitar, drums and saz lessons have been of particular interest.

Allianz Turkey and Contemporary Art

Allianz is one of the sponsors of MoMA (The Museum of Modern Art) in New York, one of the most important museums in the world. Carrying this global mission to Turkey, Allianz Turkey supports the development of contemporary art in our country. In addition to contributing to the Istanbul Biennial, which is one of the most important contemporary art events in the world organized by the Istanbul Foundation for Culture and Arts (İKSV), Allianz Turkey also supports Istanbul Modern, one of Turkey's principle museums.

Allianz Turkey turns the Allianz Tower into a venue where employees meet with contemporary art, and where works of new generation artists of Turkey are displayed. Allianz Turkey will continue to invest in art in Allianz Tower and in its operation center Allianz Campus.

Culture and Art Investments of Allianz Turkey

As a member of İKSV Board of Trustees, Allianz Turkey continues to support culture and the arts. Allianz Turkey's support of Culture and the Arts has exceeded TL 8 million in 2016.

05

Annexes

Annex 1: **About this Report**

This first sustainability report of Allianz Turkey Companies (Allianz Turkey), consisting of Allianz Sigorta A.Ş., Allianz Hayat ve Emeklilik A.Ş. and Allianz Yaşam ve Emeklilik A.Ş., covers the performance and practices in the area of sustainability from January 1, 2016 to December 31, 2016. Financial and non-financial information provided in this report is as of December 31, 2016.

This report has been prepared in accordance with the "Core" level guidelines specified in the Global Reporting Initiative (GRI) G4 Reporting Guidelines. It also includes the United Nations Global Compact Communication Progress Report of Allianz Turkey.

Allianz Turkey plans to report its sustainability practices and performances on an annual basis over the coming years.

Produced by: Escarus –TSKB Sustainability Consultancy

G4-6 G4-7 G4-8 G4-20 G4-21 G4-22 G4-23 G4-28 G4-29 G4-30 G4-32 G4-33

Annex 2: **Data Sheets**

Environmental Data

	2016 Allianz Tower	2016 Total	2015
General Indicators			
Total m²	26.378	36.558	25.200
Reporting Ratio		87,90%	
Number of Employees	1.449	2.472	2.501
Reporting Coverage Ratio (Number of Employees)		89,90%	
Energy			
Natural gas consumption - Kwh (EFA)	1.849.996	2.081.847	
Natural gas consumption - MJ	6.659.986	7.494.650	
Diesel fuel consumption - kg (emergency generators)	3.460	4.420	
Diesel fuel consumption – MJ		175.783	0
Natural gas consumption - kWh		2.081.847	
Natural gas consumption - MJ		7.494.650	15.846.392
Fossil energy consumption - MJ		7.670.433	15.846.392
Fossil energy consumption - MJ/Employee		3.102,93	6.336,00
Electricity consumption - KWh (EEQ)	6.528.358	8.071.251	
Electricity consumption - MJ		29.056.504	17.710.751

G4-EN1 G4-EN3 G4-EN4 G4-EN5 G4-EN15 G4-EN16 G4-EN17 G4-EN18 G4-EN19 G4-EN22 G4-EN23

Electricity consumption - kWh/m2		220,78
Electricity consumption - kWh/employee		3.265,07
Total energy consumption - MJ		36.726.938
Total energy consumption - MJ/Employee		14.857,18
Vehicle fuel consumption		
Company vehicles - Diesel fuel consumption (lt)	357.964	357.964
Company vehicles - Gasoline consumption (lt)	97.520	97.520
Company vehicles - Diesel (km)	5.113.377	5.113.377
Company vehicles - Gasoline (km)	1.083.555	1.083.555
Number of Company vehicles - Diesel	298	298
Number of Company vehicles - Gasoline	19	19
Number of Company vehicles - Electric	0	0
Number of Company vehicles - Hybrid	0	0
Number of private vehicles used for business purposes	77	77
Private vehicles used for business purposes -kilometers made	848.000	848.000

Annex 2: Data Sheets

	2016 Allianz Tower	2016 Total	2015
Private vehicles used for business purposes - gasoline consumption (lt)	50.812	50.812	
Private vehicles used for business purposes - diesel consumption (lt)	19.840	19.840	
Kilometers made by daily rentals	0	0	
Fuel consumed by personnel service vehicles (lt)	150.729	150.729	
Kilometers made by personnel service vehicles	1.407.348	1.407.348	
Number of personnel service vehicles	111	111	
Flights – short distance travel (500 km and below) (ETE)	250.960	250.960	
Flights - long distance travel (over 500 km) (ETG)	4.663.885	4.663.885	
Fleet kilometers made (Diesel + Gasoline)		7.604.280	4.933.994
Private car kilometers made (Diesel + Gasoline)		848.000	800.976
Flight kilometers		4.914.845	3.005.000
Total business travel (km)		13.367.125	8.739.970
Paper Consumption			
FSC certified paper consumption (kg)	505.517	505.517	
Paper consumption - ECF + TCF (kg)	0	0	
Paper consumption - chlorine bleached (Ton)	0	0	
Paper consumption in copier machines (kg)	30.000	30.000	
Total paper consumption (ton)		535.517	557.510
Total paper consumption/Employee		216,63	223
Waste Amount (ton)			
Domestic waste (kg)	87.516	123.332	
Recycled waste glass sent (kg)	3.734	5.263	
Recycled waste -aluminum/metal (kg)	0	0	
Recycled waste- plastic (kg)	2.435	3.431	
Recycled waste - paper (kg)	15.895	22.400	
Quantity of recycled paper - archive (kg)	88.230	98.157	
Recycled waste - battery (kg)	21	23	
Recycled IT equipment	1.696	1.887	
Special waste - medical	104	147	
Special waste - dangerous	0		
Waste Consumption (kg)	87.516	123.331	
Waste sent to recycle (kg)	112.011	131.161	

Annex 2: Data Sheets

	2016 Allianz Tower	2016 Total	2015
Special waste (kg)	104	147	
Total waste (kg)		254.639,00	189.345
Waste/Employee (kg)		103,01	76
Water Consumption			
Water consumption (m3)	3.174	8.823	
Amount of water obtained from rainwater	0	0	
Water consumption - Allianz common area (m3)	25.990	25.990	
Water consumption	29.164	34.813,72	39.091
Water/employee		14,08	15,63
tCO2e Emission			
tCO2e Emission		8.485.176	6.028.423
Scope 1		449.637	921.309
Scope 2		4.951.551	3.123.291
Scope 3		3.083.988	1.983.823
Greenhouse Gas Emission Density (Emission/Employee Number)		3.433,00	2.410,00
Total environmental protection expenditures and investments by type (Efficiency and digitalization, work done under paperless projects) (Thousand TL)			

Annex 2: **Data Sheets**

Human Resources and Training Data

Training Given in 2016 Person (Hour)	Training Time - Senior Management CEO, General Manager, AVP, Director	Training Time - Management Director, Group Head, Manager, Supervisor	Training Time – Specialists Specialist, Officer, Team Leader, Individual Assurance Expert 1-2-3
2016 Classroom Training	50,7	55,2	29,8
2016 Distance Learning	0,2	4,0	13,1
TOTAL G4-HR2	51,0	59,2	42,9

2016 Classroom Training	
Total Number of Employees	2.456
Total Training Time / Person (Hour) - Excluding Administrative Personnel	27,8
Administrative Personnel Total Training Time / Person (Hour)	37,7
Outsourced Employees Training Time / Person (hour)	29
Average Training Time / Person (Hour)	34,3
Average Female Employees Training Time / Person (Hour) (G4-LA9)	31,1
Average Male Employees Training Time / Person (Hour) (G4-LA9)	39,5

Average Training Time / Person (hour)	2016
Total Technical and Personal Development Training	32,8
Technical Training (G4-HR7)	16,1
Personal Development Training	16,7

G4-9 G4-10 G4-LA1 G4-LA3 G4-LA9 G4-LA11 G4-LA10 G4-LA12 G4-LA13

Human resources data Allianz Turkey companies as of **December 31, 2016**

Allianz Sigorta A.Ş. Number of Employees : **1.584**

Education		Gender		Age	
Elementary school	0.3%	Male	40,3%	3,7%	<25
High school	9,0%	Female	59,7%	54,4%	25-34
Associate degree	15,3%			34,3%	35-44
Undergraduate	65,7%			7,3%	45-54
Graduate	9,5%			0,4%	55-64
PhD	0,3%				

Allianz Hayat ve Emeklilik A.Ş. Number of Employees: **115**

Education		Gender		Age	
Elementary school	0,9%	Male	33%	1,7%	<25
High school	4,3%	Female	67%	47,8%	25-34
Associate degree	7,0%			40,0%	35-44
Undergraduate	66,1%			9,6%	45-54
Graduate	21,7%			0,9%	55-64

Allianz Yaşam ve Emeklilik A.Ş. Number of Employees : **751**

Education		Gender		Age	
Elementary school	0,5%	Male	35,6%	2,9%	<25
High school	4,1%	Female	64,4%	55,1%	25-34
Associate degree	16,9%			37,3%	35-44
Undergraduate	73,2%			4,7%	45-54
Graduate	5,2%				

Annex 3:
UN Global Compact - 2016 Progress Report

The Global Compact, first introduced in 1999 at the World Economic Forum, aims to bring together business world leaders, companies, the United Nations, labor unions and non-governmental organizations in the pursuit of the "Millennium Development Goals". The ten principles that make up the United Nations Global Compact were brought to the attention of the global public at the UN Headquarters in 2000, and non-governmental organizations, public institutions and private sector actors were invited to contribute to global sustainability efforts within the framework of these principles.

The Ten Principles of the UN Global Compact

- Businesses should support and respect the protection of internationally proclaimed human rights.
- Businesses should make sure that they are not complicit in human rights abuses.
- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Businesses should uphold the elimination of all forms of forced and compulsory labor.
- Businesses should uphold the effective abolition of child labor.
- Businesses should uphold the elimination of discrimination in respect of employment and occupation.
- Businesses should support a precautionary approach to environmental challenges.
- Businesses should undertake initiatives to promote greater environmental responsibility.
- Businesses should encourage the development and diffusion of environmentally friendly technologies.
- Businesses should work against corruption in all its forms, including extortion and bribery.

Allianz Turkey, providing unconditional support to initiatives aiming at creating a more livable world for future generations, presented its commitment to the 10 principles of the Global Compact to the United Nations in June 2016. In the sustainability report, which is also the Company's first progress report, the works undertaken within the scope of the Global Compact and the progress made during the reporting period have been referred to in different chapters of the report. The summary index for the topic is given below.

Principle	Approach of Allianz Turkey	Section of Additional Explanations	Page Number
Businesses should support and respect the protection of internationally proclaimed human rights.	Allianz Turkey constantly monitors compliance with national and international norms regulating human rights, especially the UN Declaration of Human Rights.	Internal Audit, Transparency and Ethics Employee Relations	8-9 36
Businesses should make sure that they are not complicit in human rights abuses.	Allianz Turkey supports the protection of human rights in the business world.	Internal Audit, Transparency and Ethics Employee Relations	8-9 36
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Allianz Turkey recognizes the freedom of association and collective bargaining.	Employee Relations	36
Businesses should uphold the elimination of all forms of forced and compulsory labor.	Allianz Turkey, attaching great importance to equal opportunity and diversity in the workforce, enables a modern business environment that promotes different thoughts, innovation and individual competencies.	Internal Audit, Transparency and Ethics Employee Relations	8-9 36
Businesses should uphold the effective abolition of child labor.	Allianz Turkey adopts a "zero tolerance" policy against employing child labor in the Company in accordance with the laws on this subject matter.	Employee Relations Good Institutions	36
Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Allianz Turkey adopts policies against discrimination with an understanding of equality in recruitment and working processes.	Sustainability at Allianz Employee Relations	14-16 36
Businesses should support a precautionary approach to environmental challenges.	Allianz Turkey conducts interactive studies related to the environment with all its stakeholders. At the same time, it adopts an environmentally conservative approach in its business processes.	Sustainability at Allianz Good Environment	14-16 21-26
Businesses should undertake initiatives to promote greater environmental responsibility.	Allianz Turkey supports activities undertaken within the Company and society aimed at increasing environmental awareness and responsibilities.	Sustainability at Allianz Good Environment Green Products for Good Environment Green Allianz	14-16 21-26 25 45
Businesses should encourage the development and diffusion of environmentally friendly technologies.	Allianz Turkey supports the development and widespread use of environmentally friendly technologies with different insurance products on renewable energy and energy efficiency fields, especially with its friendly building Allianz Tower.	Green Products for Good Environment Allianz Tower: New Generation Eco-Friendly Building	25 26
Businesses should work against corruption in all its forms, including extortion and bribery.	Allianz Turkey is committed to fighting corruption and preventing terrorist financing, accurately and effectively in the framework of the related legislation and the Company's Code of Conduct.	Internal Audit, Transparency and Ethics	7-8

Annex 4: GRI G4 Content Index

Allianz Turkey 2016 Sustainability Report **GRI G4 Content Index**

General Standard Disclosures	Page Number	External Assurance
STRATEGY AND ANALYSIS		
G4-1	Messages from the Management , p. 3	No
G4-2	How do We Manage Risk? , p. 12 Sustainability at Allianz, p. 18	No
ORGANIZATIONAL PROFILE		
G4-3	Allianz Sigorta A.Ş., Allianz Hayat ve Emeklilik A.Ş. and Allianz Yaşam ve Emeklilik A.Ş.	No
G4-4	Innovative Products and Services , p. 32 Good Institutions, p. 37	No
G4-5	Allianz Tower Küçükbakkalköy Mahallesi Kayışdağı Caddesi No:1 Ataşehir/İstanbul	No
G4-6	About this Report, p. 2	No
G4-7	About this Report, p. 2	No
G4-8	About this Report, p. 2	No
G4-9	Allianz Turkey in Numbers, p. 2 Human Resources and Training Data, p. 55	No
G4-10	Human Resources and Training Data, p. 55	No
G4-11	There is no collective agreement.	No
G4-12	Relations with Agencies and Suppliers, p. 47	No
G4-13	This report is Allianz Turkey's first sustainability report.	No
G4-14	Allianz Turkey supports the precautionary approach principle of the United Nations Global Compact in all its activities. In accordance with this principle, it adopts an approach that it adapts to its activities in its Code of Conduct.	No
G4-15	Sustainability at Allianz, p. 18	No
G4-16	Sustainability at Allianz, p. 18	No

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Our Governance Approach, p. 8	No
G4-18	Stakeholder Analysis and Materiality, p. 19 Our Sustainability Model, p. 22	No
G4-19	Stakeholder Analysis and Materiality, p. 19 Our Sustainability Model, p. 22	No
G4-20	The limit of the report and the limit of prioritized items covers Allianz Turkey Companies that Allianz Sigorta A.Ş., Allianz Hayat ve Emeklilik A.Ş. and Allianz Yaşam and Emeklilik A.Ş., does not include associates and partnerships. About this Report , p. 2	No
G4-21	The limit of the report and the limit of prioritized items covers Allianz Turkey Companies that Allianz Sigorta A.Ş., Allianz Hayat ve Emeklilik A.Ş. and Allianz Yaşam and Emeklilik A.Ş., does not include associates and partnerships. About this Report , p. 2	No
G4-22	This report is Allianz Turkey's first sustainability report. About this Report , p. 2	No
G4-23	This report is Allianz Turkey's first sustainability report. About this Report , p. 2	No
STAKEHOLDER ENGAGEMENT		
G4-24	Our Stakeholder Engagement, p. 11	No
G4-25	Our Stakeholder Engagement, p. 11 Stakeholder Analysis and Materiality, p. 19	No
G4-26	Stakeholder Analysis and Materiality, p. 19	No
G4-27	Stakeholder Analysis and Materiality, p. 19 Our Sustainability Model, p. 22	No
REPORT PROFILE		
G4-28	01/01/2016-31/12/2016. About this Report, p. 2	No
G4-29	This report is Allianz Turkey's first sustainability report. About this Report, p. 2	No
G4-30	Annual About this Report, p. 2	No
G4-31	Pırıl Kadıbeşgil Yaşar, piril.kadibesgil@allianz.com.tr	No
G4-32	About this Report, p. 2 Core, GRI G4 Content Index, p. 60	No
G4-33	About this Report, p. 2	No

GOVERNANCE		
G4-34	Our Governance Approach, p. 8 Our Committees, p.10 Our Sustainability Committee, p. 21	No
G4-35	Sustainability at Allianz, p. 18	No
G4-36	Our Sustainability Committee, p. 21	No
G4-37	Our Stakeholder Engagement, p.11	No
G4-38	Our Governance Approach, p. 8 Our Comittees, p. 10	No
G4-39	Our Governance Approach, p. 8	No
G4-40	Our Governance Approach, p. 8	No
G4-41	Internal Audit, Transparency and Ethics, p. 11	No
G4-42	Our Sustainability Committee, p. 21	No
G4-45	ESG Referral Process, p. 25	No
G4-48	Our Sustainability Committee, p. 21	No
G4-49	Our Sustainability Committee, p. 21	No
ETHICS AND INTEGRITY		
G4-56	Internal Audit, Transparency and Ethics, p. 11	No
G4-57	Internal Audit, Transparency and Ethics, p. 11	No
G4-58	Internal Audit, Transparency and Ethics, p. 11	No

Annex 4: GRI G4 Content Index

Allianz Turkey 2016 Sustainability Report **GRI G4 Content Index**

SPECIFIC STANDARD DISCLOSURES		
DMA and Indicators	Page Number (or Link)	External Assurance
CATEGORY: ECONOMIC		
MATERIAL ASPECT: ECONOMIC PERFORMANCE		
G4-DMA	Financial Risk Management, p. 14	No
G4-EC1	Allianz Turkey in Numbers, p. 2	No
G4-EC2	ESG Referral Process, p. 25	No
MATERIAL ASPECT: MARKET PRESENCE		
G4-DMA	Our Governance Approach, p. 8	No
G4-EC6	Our Governance Approach, p. 8	No
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS		
G4-DMA	Our Sustainability Model, p. 22	No
G4-EC7	Good Society, p. 47	No
G4-EC8	Good Institutions, p. 37 Good Society, p. 47	No
MATERIAL ASPECT: PROCUREMENT PRACTICES		
G4-DMA	Relations with Agencies and Suppliers, p. 47	No
G4-EC9	Yerel Tedarikçileri Destekliyoruz, s. 46	No
CATEGORY: ENVIRONMENTAL		
MATERIAL ASPECT: MATERIALS		
G4-DMA	Good Environment, p. 25	No
G4-EN1	Environmental Data, p. 51	No
MATERIAL ASPECT: ENERGY		
G4-DMA	Good Environment, p. 25	No
G4-EN3	Environmental Data, p. 53	No
G4-EN4	Environmental Data, p. 53	No
G4-EN5	Environmental Data, p. 53	No
G4-EN6	Allianz Tower: New Generation Eco-Friendly Building, p. 29	No
MATERIAL ASPECT: EMISSIONS		
G4-DMA	Good Environment, p. 25	No
G4-EN15	Environmental Data, p. 53	No
G4-EN16	Environmental Data, p. 53	No
G4-EN17	Environmental Data, p. 53	No
G4-EN18	Environmental Data, p. 53	No
G4-EN19	Environmental Data, p. 53	No
MATERIAL ASPECT: EFFLUENTS AND WASTE		
G4-DMA	Good Environment, p. 25	No
G4-EN22	Environmental Data, p. 53	No
G4-EN23	Environmental Data, p. 53	No
MATERIAL ASPECT: PRODUCTS AND SERVICES		
G4-DMA	Good Environment, s. 25	No
G4-EN27	Paperless Approach for Good Environment, p. 27 Green Products for Good Environment, p. 28	No
CATEGORY: SOCIAL		
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK		
MATERIAL ASPECT: EMPLOYMENT		
G4-DMA	Good Institutions, p. 37 Employee Relations, p. 39	No
G4-LA1	Human Resources and Training Data, p. 55	No
G4-LA3	Human Resources and Training Data, p. 55	No
MATERIAL ASPECT: TRAINING AND EDUCATION		
G4-DMA	Allianz Turkey Academy, p. 43	No
G4-LA9	Human Resources and Training Data, p. 55	No
G4-LA10	Allianz Turkey Academy, p. 43	No
G4-LA11	Human Resources and Training Data, p. 55	No
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		
G4-DMA	Gender Equality and Women's Empowerment, p. 37 Gender Equality in Allianz Turkey, p. 38	No
G4-LA12	Human Resources and Training Data, p. 54	No
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN		
G4-DMA	Gender Equality in Allianz Turkey, p. 38	No
G4-LA13	Human Resources and Training Data, p. 54	No

Annex 4: GRI G4 Content Index

Allianz Turkey 2016 Sustainability Report **GRI G4 Content Index**

SPECIFIC STANDARD DISCLOSURES		
DMA and Indicators	Page Number (or Link)	External Assurance
SUB-CATEGORY: HUMAN RIGHTS		
MATERIAL ASPECT: NON-DISCRIMINATION		
G4-DMA	Gender Equality in Allianz Turkey, p. 38	No
G4-HR3	Gender Equality in Allianz Turkey, p. 38 There are no discrimination cases observed during the reporting period.	No
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
G4-DMA	Relations with Agencies and Suppliers, p.47	No
G4-HR4	There have been no activities or suppliers identified during the reporting period in which the right to organize and collective bargaining may be violated or at significant risk. Relations with Agencies and Suppliers, p.47	No
MATERIAL ASPECT: CHILD LABOR		
G4-DMA	Gender Equality in Allianz Turkey, p. 38	No
G4-HR12	There have been no grievances about human rights impacts filed through formal grievance mechanisms during the reporting period. Good Institutions, p. 37	No
SUB-CATEGORY: SOCIETY		
MATERIAL ASPECT: LOCAL COMMUNITIES		
G4-DMA	Good Society, p. 47	No
G4-SO1	Responsible Investments for Good Society, p. 47 Allianz Stands by the One in Need, p. 48 ESG Referral Process, p. 25	No
G4-SO2	ESG Referral Process, p. 25	No
MATERIAL ASPECT: ANTI-CORRUPTION		
G4-DMA	Internal Audit, Transparency and Ethics, p. 11	No
G4-SO4	Corporate Continuity and Cultural Development Programs, p. 43	No
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR		
G4-DMA	Internal Audit, Transparency and Ethics, p. 11	No
G4-SO4	There have been no significant legal actions filed during the reporting period regarding anticompetitive behavior and violations of anti-trust and monopoly legislation during the reporting period. Internal Audit, Transparency and Ethics, p. 11	No
MATERIAL ASPECT: COMPLIANCE		
G4-DMA	How do We Manage Risk? , p. 12	No
G4-SO8	There have been no significant penalties or non-monetary sanctions imposed due to non-compliance with laws and regulations during the reporting period. How do We Manage Risk?, p. 12	No
MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY		
G4-DMA	ESG Referral Process, p. 25	No
G4-SO11	ESG Referral Process, p. 25	No
SUB-CATEGORY: PRODUCT RESPONSIBILITY		
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY		
G4-DMA	Innovative Products and Services, p. 32	No
G4-PR1	Innovative Products and Services, p. 32	No
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING		
G4-DMA	Innovative Products and Services, p. 32	No
G4-PR5	"You're my Customer" Internal Customer Satisfaction Survey, p. 40	No
MATERIAL ASPECT: MARKETING COMMUNICATIONS		
G4-DMA	Our Customers are Our Passion, p. 31	No
G4-PR6	The sale of prohibited and controversial products complies with the laws and regulations governing Allianz Turkey. Innovative Products and Services, p. 32	No
MATERIAL ASPECT: COMPLIANCE		
G4-DMA	How do We Manage Risk?, p. 12	No
G4-PR9	There have been no important monetary penalties resulting from non-compliance with laws and regulations related to the supply and use of products and services during the reporting period. Innovative Products and Services, p. 32	No