

# Sustainability Report

"Sustainable Development for us means combining long-term economic value creation with a holistic approach to corporate governance, environmental stewardship and social responsibility."

Economic



Social





Environment



Governance



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## About this report

This report covers the operations of Allianz Malaysia Berhad and its subsidiaries ("Allianz"). It gives a broad overview of our sustainability performance in 2012.

All contents and key figures are accurate as at 31 March 2013.

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# Strategy and Management



In recent years, stakeholders' concerns have expanded beyond conventional financial results and considerations to a greater demand for information and transparency. Investors wish to understand not just how much money is made but whether it is done in a sustainable and responsible manner.

Social and environmental conditions in society have often a direct impact on the business operations of a company and its long-term viability. Sustainable Development for us means combining long-term economic value creation with a holistic approach to corporate governance, environmental stewardship and social responsibility. Our guiding principles in achieving a sustainable growth are Customer Focus, Integrity, High Performance Culture, Open Communication and Corporate Responsibility. We care and are committed to help building the community through our socially responsible initiatives. With more than 1,700 employees, over 11,000 agents and a customer base of 2.5 million nationwide, we can leverage on the power and engagement of our human capital to make a difference in society.

With our social initiatives, we offer our skills, experience, time and resources for the benefit of society and at the same time enable and engage our people. In doing so, we have a strong focus on the topics of Road Safety and Financial Literacy, which are two of our four identified Corporate Responsibility pillars. As an insurer, it is our duty to increase the safety level and thereby reduce risks within society. In addition to that, we leverage our core competency as a financial services provider to build the knowledge base and economic status of Malaysians and empower individuals to be responsible financial citizens. It is our commitment to look after our customers, building trust and providing them with products that meet their needs, maintaining a high level of integrity and treating our employees and business partners well.

With the Allianz4Good brand and strategic orientation, we want to go beyond philanthropy. I am pleased with the progress we have made, since we adopted Allianz4Good in Malaysia in 2011. We have focused on crucial challenges for the country and support initiatives to resolve them. We are engaging a growing number of our employees to advance social and environmental well-being and have further developed a systematic approach to our volunteering and social initiatives. This Sustainability Report shows our non-financial performance in the Economic, Environmental, Social and Governance spheres. With the report, we aim to create transparency and show our commitment to being a reliable partner and good corporate citizen for our customers, agents, business partners, employees and the general public.

We would like to continue with our approach and further activate our Allianz community to do our best in managing social challenges in a responsible manner and see them as opportunities to ensure our sustainable and profitable growth in all lines of business. After 10 years since Allianz was established in Malaysia, we have managed to be one of the leading insurers in Malaysia today. My goal is for Allianz to be recognised not only as a top insurance company, but also as a leading corporate citizen in our society in future years.

**Jens Reisch**  
CEO, Allianz Malaysia Berhad

## Stakeholder Engagement

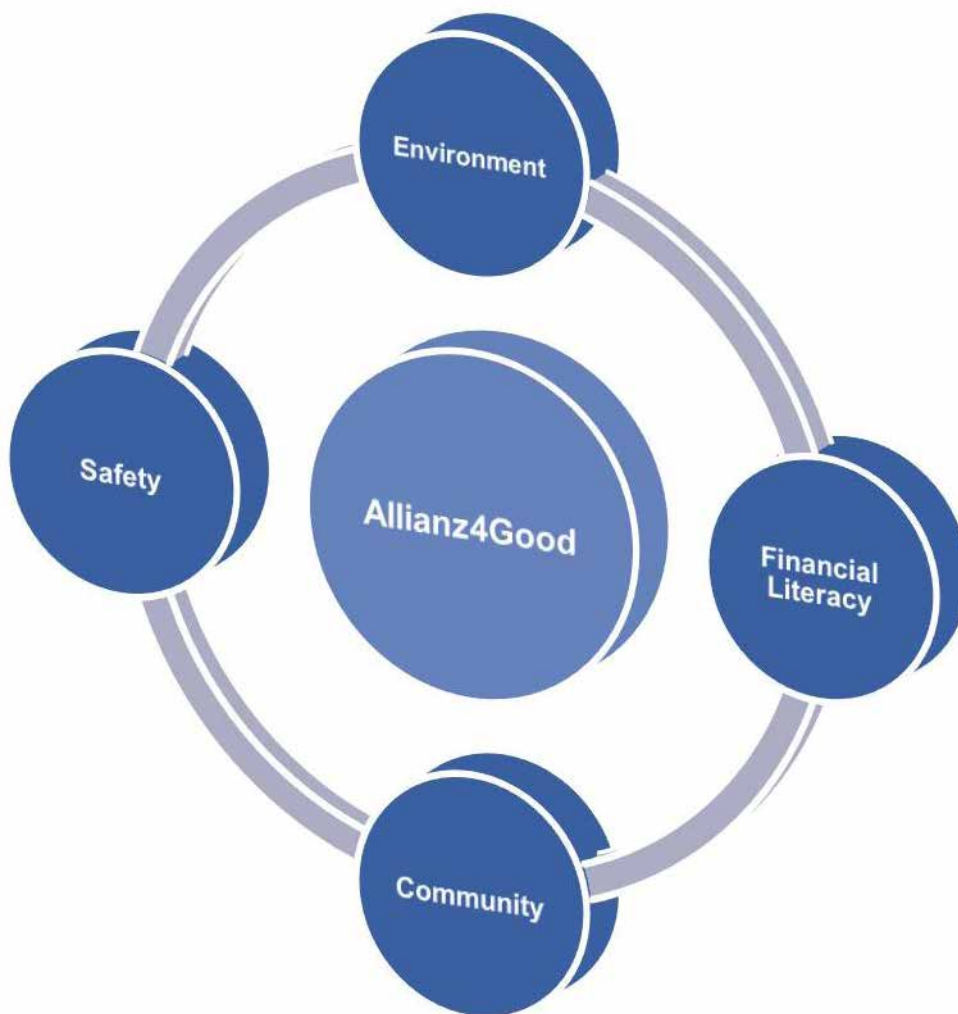
Stakeholders' trust is of particular importance in the financial services industry. To cultivate trusting relationships with our broad spectrum of stakeholders, we are committed to engaging them in a variety of ways.

Stakeholder	Type of Engagement
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Knowledge-sharing initiatives</li> <li>• Customer surveys</li> <li>• Facebook</li> <li>• Website</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee feedback</li> <li>• Regular Townhall Meetings</li> <li>• Corporate volunteering programmes</li> <li>• HR-related dialogues</li> <li>• Monthly newsletters/Quarterly magazines</li> <li>• Staff activities</li> <li>• Training and Leadership programmes</li> <li>• Internal staff portal</li> </ul>
<b>Agents</b>	<ul style="list-style-type: none"> <li>• Agent Point newsletter</li> <li>• Award/Recognition Dinners</li> <li>• National Marketing Conventions</li> <li>• Training sessions for agents</li> <li>• Facebook</li> <li>• Internal agent portal</li> </ul>
<b>Government relations</b>	<ul style="list-style-type: none"> <li>• Dialogues with regulatory bodies</li> <li>• Public Partnerships</li> <li>• Interaction with regulatory bodies</li> </ul>
<b>Investment community</b>	<ul style="list-style-type: none"> <li>• Annual General Meetings</li> <li>• Analyst briefings on quarterly basis</li> <li>• Meetings with fund managers and investors</li> <li>• Quarterly Reports and Annual Reports</li> <li>• Audited Financial Statements</li> <li>• Shareholders' Circulars</li> <li>• Announcements released to Bursa Malaysia Securities Berhad and Media</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>• Panel discussions and round tables</li> <li>• Partnerships for civic engagement</li> <li>• Corporate volunteering activities</li> <li>• Outreach events</li> <li>• Career fairs by Human Resources Department</li> <li>• Recruitment fairs by Agency Department</li> <li>• Social Sponsorship</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Press conferences and events</li> <li>• Media releases</li> <li>• Media interaction</li> </ul>

## Managing Corporate Responsibility

Allianz strives to build a corporate culture in which social and environmental challenges are managed as opportunities for ensuring our sustainable success as a company. We aim to achieve this by combining long-term economic value creation with a holistic approach to corporate governance, environmental stewardship and social responsibility. At Allianz we pursue our Corporate Responsibility (“CR”) objectives through an integrated and comprehensive approach, managed by the Allianz4Good Department. This engagement encompasses our corporate volunteering activities, our philanthropic support via corporate giving and our commitment to transparency and accountability through responsible reporting.

We have identified four pillars where we want to advance social, economic and environmental well-being and raise awareness through our experience as an insurance company and risk manager. With the focus on Safety, Financial Literacy, Environment and Community, we expand our commitments beyond cash donations and traditional corporate philanthropy and focus on engaging our employees through various volunteering activities.



# Economic

Our sustainable and profitable growth is based on our commitment to be the most reliable financial services provider. This commitment encompasses the thorough care of our customers as well as continuous engagement for financial inclusion.



## Customer Focus

A strong customer focus is at the heart of the overall Allianz strategy. We seek to be the most reliable partner for our customers, agents and business partners. Satisfied customers are more likely to renew their policies and refer friends and family members to us. Customer feedback is essential for monitoring satisfaction. Thus, we are able to continually improve our products and services to meet customers' expectations.

Our Market Management Department was set up to ensure the ongoing improvement of our customer and market orientation and centrality in a sustainable way. It embarks on Customer Focus initiatives to assess and improve products and services and to come up with innovative solutions to our customers' needs.

## Net Promoter Score

The Net Promoter Score ("NPS") is a measure of customer loyalty which has been established within the Allianz SE Group ("Allianz Group"). It serves as a regular measurement of a customer's willingness to recommend Allianz. NPS is applied on two segments:

Top-Down and Bottom-Up. Top-Down NPS is measured annually and benchmarks Allianz against relevant local peers. Bottom-Up NPS is used to measure customer satisfaction at various touch-points, such as during claims management, policy service and sales. It enables us to gain valuable insight into the experience of our customers and to better understand their expectations. Thus, we can continue improving our customer service and the processing of claims.

## Customer Loyalty

The loyalty of our customers is one of the key factors for our sustainable growth. 22% of the customers of Allianz Life Insurance Malaysia Berhad ("ALIM") hold two or more policies, to cater for their needs of protection and savings. At Allianz General Insurance Company (Malaysia) Berhad ("AGIC"), customers with two or more policies make up 43% of all customers.

Close to 40% of AGIC's customers renewed their policies after expiry. In the case of fire insurance, the renewal rate reached 92%. Customer loyalty is of key importance for us as it is our ultimate goal to be a trusted partner with a superior service culture and a strong customer value proposition.



### Value Added Service

Allianz is also constantly looking for ways to assist our policyholders further and provide value added services to our customers. One such service is the vehicle tracking and recovery system offered to comprehensive private car policyholders through a joint partnership between AGIC and Captor Retail Sdn Bhd since 2004. The effective tracking and recovery system helps recover stolen vehicles and, to-date, about 1,000 Allianz policyholders have installed the system in their cars. The system has brought relief to Allianz policyholders, as 65% of the vehicles which were fitted with Captor and reported stolen over the last three years were successfully recovered. Due to its success, Allianz also tied up with another company, BSmart Technology Sdn Bhd, in 2012 to offer similar tracking services to policyholders.

### Risk Mitigation

Managing risks is the core of our business as an insurer. We strongly believe in the practices of risk reduction and mitigation instead of purely risk transfer. Hence, we prefer prevention rather than cure, simply for the sake of our customers' safety, security and most importantly, the continuity of their operations and businesses. In this regard, we give risk mitigation advice to our customers.

Risk analysis consultation is provided by qualified employees with science and engineering backgrounds. They conduct property, engineering and project risk analysis on site for our customers. The main objective is to understand and appreciate the customer's



operations and most importantly, to assist or provide advice to the customer on any shortfalls identified, as far as the foreseeable risks or hazard exposures are concerned.

We analyse the information gathered and provide a product of our own, termed as Risk Improvement Recommendations ("RIR"). This assists the customer to re-engineer the risks or hazards identified to a level that is tolerable. Although the RIR is not uncommon to the global insurance industry, Allianz combines practicality, best risk management practices and its benefits for the customer, without merely taking commercial aspects into consideration.

### Service Transformation

At Allianz, we integrate Customer Focus behaviour in the DNA of our employees by embarking on service transformation initiatives. A series of Customer Focus trainings for all levels of staff started in 2012. 614 participants were trained on topics such as fair treatment of customers, Customer Service Charter, complaint management, digitization, data enrichment and customer service awareness.

With the Customer Service Charter we are setting the standard of our service delivery and the response timeline, which is published on our website. Furthermore, a well defined and documented complaint management process is in place to ensure all complaints are monitored, managed, escalated and reported within the stipulated turnaround time. Complaints and resolutions are further presented to Senior Management to drive service improvement.





Our Senior Management Team also conducts mystery shopping to experience firsthand the level of customer service provided by our employees at sales and service touch points. Our aim is to improve the quality of information and advice provided to customers. In addition, we conduct service calls to our customers and agents to assess their level of satisfaction with our products and services and to regularly gather feedback to drive organisational change.

In line with the requirements of the “Treat Customers Fairly Framework” of the Life Insurance Association of Malaysia, welcome calls are made to new life insurance policyholders, to secure their full understanding of the policy benefits and satisfaction with the services received.

### Digitization

The evolution of the digital world has changed the way customers are consuming media, searching for information or recommendations and buying products. At the same time, expectations about service levels are increasing. We are continually reviewing our customer service infrastructure to make sure that it reflects consumer trends and behaviours and that we remain connected with our customers and keep improving our service.

In order to provide adequate and fast response, we have embarked on various digitization projects that focus on increasing our service quality and modernising our communication channels. This includes the implementation of more automated processes and regular updates of the personal contact details of our customers.

With the increasing trend of internet-based and mobile-based services, customers expect information and services to be made available at any point in time. In response to these emerging technologies, we have increased our brand presence in digital and social media to attract and engage our customers and stakeholders in an interactive way. At the same time, we see this as an avenue to increase our brand loyalty.





The Allianz Malaysia Facebook page, which was first introduced to the social media sphere in July 2011, now hosts over 50,000 fans. We are one of the most “LIKED” insurance companies in Malaysia currently. Customers and fans are able to receive not only up to date news of the company and products offered, but are also able to engage with daily information bites and interactive contests. Besides, the page acts as another feedback mechanism where both positive and negative feedback is addressed. Our aim is to improve our relationship with customers as well as make our company more approachable to a tech-savvy generation.

In addition, we have developed the Retirement Calculator. This mobile application allows users to select different scenarios and, based on those decisions, allows them to take a glimpse into their future financial situation. The application has been downloaded by more than 1,600 users. Through this application, we hope to raise awareness on the necessity for future financial planning.

### Access to Finance

Allianz Group identified Access to Finance as a key global issue for its sustainable development. From a local context, we have designed the Retail Agent programme which encourages single parents to be insurance agents. The programme provides participants with technical and personal development trainings and equips them with the necessary knowledge and skills to be entrepreneurs in the insurance business. To make this programme more accessible, we are subsidising single parents on their agent entry exam fees.

With the Allianz Motorcyclist Personal Accident insurance, we covered 670,809 motorcyclists, catering especially to the rural areas of Malaysia, where insurance penetration is still low but the accident rate is high. Via our wide-reaching distribution channels, insurance protection is made possible at a lower cost to an underserved and hitherto unprotected target group.

Allianz was able to grow its total customer base to over 2.5 million in 2012.

# Environment

Climate change is a serious risk faced by the insurance industry, with disaster-related claims increasing in recent years. Allianz takes its environmental responsibility seriously and is committed to reducing its carbon footprint.



## Climate Change Strategy

The Climate Change Strategy of Allianz Group deals with the impact of climate change on both customers and its business.

Locally, we support this strategy by avoiding or reducing carbon emissions and substituting resources with lower-carbon footprint alternatives. Guidelines are in place to encourage a more sustainable attitude to the environment; for example, the Global Print Policy aims to reduce paper consumption; the Global Travel Regulation aims to avoid unnecessary business travel and promotes the use of lower-carbon footprint alternatives and the Global IT Sourcing and Procurement Policy advocates the purchase of energy-efficient IT hardware.

## Local Carbon Reduction Strategy

Allianz is escalating its national efforts to “go green”. We have embarked on the following initiatives:

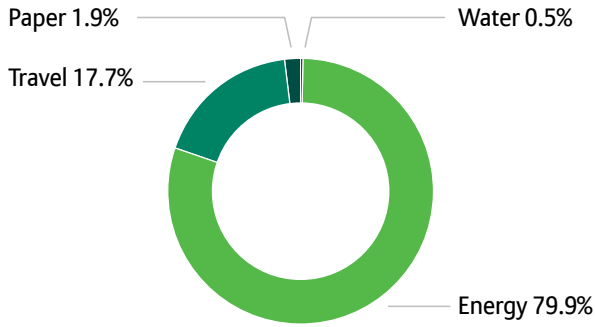
- Reduction of paper consumption through the digitization of processes. For example, only soft copies of meeting papers are disseminated to our Board and Senior Management Team. In addition, we have increased the use of email and web-based correspondence with our customers, agents and other stakeholders.
- Using climate-friendly alternatives for necessary business activities, for example, energy-efficient refittings at our branches which include switching to energy-saving lightbulbs and eco-friendly air-conditioning systems.
- Using energy-efficient IT solutions, for example, our data centre has a Power Usage Effectiveness measure of 1.57 in a tropical country. Based on the Uptime Institute Data Centre survey in 2012, the global average reported was between 1.8 and 1.9, which means that we use less energy than average.
- Implementation of a recycling bin initiative in our Head Office since June 2012. In total, more than 3,700 kg of paper was recycled.



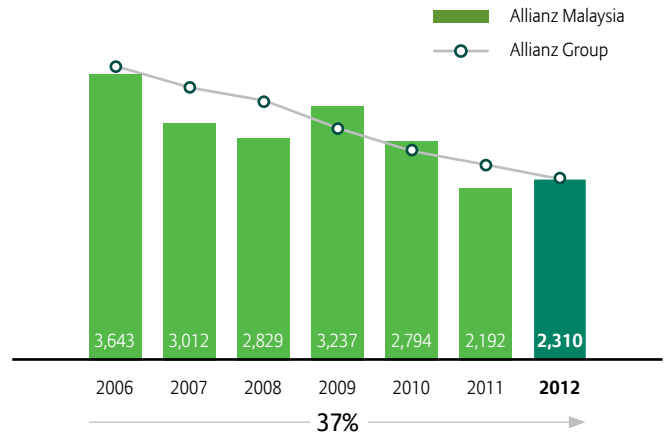
We recycled the equivalent of **63** 20-year old trees in just 10 months

The allocations of our CO<sub>2</sub> emissions in 2012 shows that energy consumption and business travel are the main levers for reducing Allianz’ carbon footprint further.

**Allocation of CO<sub>2</sub> emissions in 2012**



**Relative CO<sub>2</sub> Emissions (kg per employee) 2006 – 2012**



**Allianz Group Target**

Allianz Group set a target to reduce the carbon emissions per employee by 35% by 2015 against a 2006 baseline. The scope of the carbon footprint includes energy used to operate our buildings and IT equipment; business travel by air, car and train; paper used and waste generated from our day-to-day operations; and water used in our buildings.

Given that energy usage is the largest contributor to our carbon footprint, the Allianz Group has also set a specific energy target to support the overall carbon reduction target by 2015 - to reduce energy consumption per employee by 10% measured against a 2010 baseline.

In Malaysia, since 2006, we have monitored and reported our energy, paper and water consumption as well as our business travel via the Group-wide Environmental Management System (“EMS”), a system introduced by Allianz Group to ensure transparency in environmental performance and support systematic environmental data collection and control. In 2012, we saw a slight increase in our emissions to 2,310 kg per employee as compared to 2,192 kg per employee in 2011. The increase is due to significant business expansion. However, 2012 also saw the renovation of 7 of our branch offices which involved energy-efficient refittings and we are certain that the investment we make in these refittings now will bear fruit in carbon emission reduction in future. Overall, we are still on track to achieve our Group target, with an overall reduction of 37% against our 2006 baseline.



Climate Change is an important topic for Allianz. In 2012, we added renewable energy into our insurance portfolio. This is just one way that Allianz is preparing for a carbon neutral future.

# Social

Our sustainable success as a company depends on the commitment and skills of our staff. In Malaysia, we employ more than 1,700 people across the whole country. Our business strategy requires the best people in place to deliver success today and over the long term. We also take our responsibility to society seriously. By offering skills, experience, time and money, we strive to advance social well-being in our local communities.



Equally important are the discussions between managers and employees about the annual survey results as well as deciding together on actions to address areas for improvement. All Heads of Department and Branch Managers are required to develop action plans to address the findings of the survey. Overall, 82% of our employees responded favourably to the leadership culture at Allianz.

## Employee Engagement

In a people-oriented business like financial services, engaged employees bring competitive benefits such as an improved performance culture, greater integrity and better customer focus. Through the annual Allianz Engagement Survey, employees are encouraged to provide open and honest feedback on factors that affect their level of engagement with Allianz. These factors include various dimensions such as leadership behaviour, employer attractiveness, performance and compensation and customer focus.

A local participation rate of 97% in the 2012 Allianz Engagement Survey shows that our employees are interested in providing feedback to the management on its managerial quality and areas for improvement. The Employee Engagement Index ("EEI") is a key measure of employee satisfaction, loyalty and pride within the organisation. Allianz achieved a favourable number of 83% positive responses for the EEI. In addition, 92% of our employees stated that they are proud to work for Allianz and 91% are satisfied with the actions our company is taking to be socially responsible.



**83%**  
of employees say they are proud  
to work for Allianz

## Diversity

Allianz does not tolerate discrimination or harassment in the workplace based on criteria such as age, disability, ethnic origin, gender, race, political attitude or workers' representative activities, religion or sexual orientation. We recruit according to the skills, talent, character and abilities of a person. Allianz appointed its first female Independent Director, Y. Bhg. Tan Sri Datuk (Dr.) Rafiah Binti Salim, in November 2012. She has an excellent service record in the public



and private sectors as well as at international level and is currently an Executive Director of the Non-Aligned Movement Institute for the Empowerment of Women Malaysia.

We are proud to say that out of our 1,706 employees, 1,155 are women, which represents 68% of employees in Allianz. Women employees also exceed the number of men in managerial positions at 55%, while 12 of our branch managers are women. At top management level, 28% of positions are held by women.

Given that we have a large female workforce, we conducted a City Survival Training in December 2012 exclusively for our female staff with the objective of equipping our women employees with simple but effective skills to prevent harm and reduce their risk of falling victim to crime. With a total of 89 participants, the training received excellent feedback.



## Managing Talent and Careers

In Allianz we want to offer careers, not just jobs. We believe that regular dialogue on professional development between managers and employees at all levels of the business is essential for career and talent development. A development review is part of our talent development process and involves looking at an individual's competency, skills, experience, performance and potential.

In the effort to establish a more transparent and structured process for managing career development, we have put in place a Career Development Manual ("CDM") which provides our employees with a better understanding of the expectations and requirements for jobs and functions at Allianz. It is designed to show career growth opportunities within the same or across different job families as well as the technical and behavioural competencies required for career development at each stage.

In 2012, our focus in Talent Management was to build a systematic approach of identifying the talent pipeline for key senior management and critical positions in the organisation. Our Senior Management team attended a Talent Development workshop in June 2012 to have a better understanding of the Talent Management approach.

Following on from the workshop, our Human Resources Department and the Senior Management team actively engaged in identifying potential successors and key talents of the Organisation. About 170 key talents have been identified in Head Quarters. Our first local Career Development Conference was held in December 2012 with the theme "Evaluating Our Talent Pipeline". The next steps are to document the development action plan for all the key talents.

To attract new talent, Allianz implemented an Employer Branding initiative through campus talks and career fairs in major public and private universities. The purpose is to introduce Allianz to students. Specifically, we brief students on our Internship Programme, Management Associate Programme and various career opportunities, thus ensuring that we recruit the best for our future.

Moving forward, we will continue to actively look into and manage our talent pipeline and focus on developing and retaining our best people.

## Learning and Development

A high performance culture is one of our core values and we recognise that having a competent and dedicated staff force is a key contributor to making such culture a success. We believe that by providing a learning and motivation platform where learning is made an enjoyable yet edifying and rewarding experience, we will be able to continually increase our employees' level of competence and capabilities.

In 2012, more than 76% of our employees attended at least one training session. Up to March 2013 a total of RM1,373,652 was invested in the development of our employees.

The Allianz Academy was launched on 6 July 2012 as a platform with the aim of catering for the learning needs of our employees through a structured development programme, where learning is made fun and interesting. In addition to providing training to employees, an internal pool of experts and trainers will also be developed, who will then

impart their knowledge and help employees translate learning into business results to support the overall business goals and strategies of Allianz.

To date, Allianz Academy has conducted many training programmes covering the four identified learning pillars to capitalise Technical, Sales, Service and Leadership aspects. They include Business Development Manager trainings, Retail Agents' training, Customer Service Transformation training, training in technical knowledge of General and Life insurance, Allianz Core Competency and Talent Management for employees, the Brown Bag Lunch series, Learning from Movies and leadership programmes for Management Associates.

For the year 2013, besides the ongoing courses from 2012, there will also be several new leadership training programmes for managers of all levels, non-managers and also high potential candidates.

New fun learning modules such as learning through board games, Biz Coffee (for senior managers) and a Knowing Allianz series will be included.

As strong product and technical knowledge of our staff is of utmost importance to enable us to deliver excellent professional customer service, we enhanced the study and exam benefits for the professional insurance courses of The Malaysian Insurance Institute ("MII") to encourage more employees to enrol for the exams. The benefits include full and part sponsorship of course fees and a total of 12 days leave per annum for exam and study. Following these enhancements,



## Launch of Allianz Academy

More than 600 employees from the Head Office and Klang Valley branches gathered at Menara SSM in KL Sentral to be part of the launching by Jens Reisch, CEO of ALIM; and Zakri Khir, CEO of AGIC. After the launch, employees went through experiential learning based around four pillars: Technical, Sales, Service and Leadership aspects. In addition, there were also other fun learning activities i.e. mini Brown Bag Lunch and Learning from Movies sessions. Employees were able to get an insight into the different training programmes on offer by the Allianz Academy and to break the stereotype that learning is boring!

we saw a surge in the number of staff enrolments for the MII exams which now exceeds 100 enrolments. This certainly augurs well for the personal professional development of staff as they would be equipped with the necessary skills and knowledge in order for them to carry out their tasks efficiently and professionally in the workplace.

## A great place to work

At Allianz, we value a working relationship that is long-term and built on trust. Our Loyalty and Silver Jubilee Awards recognise the dedication and commitment of our employees. Employees receive a cash award upon reaching a consecutive period of 10 years service and more. In 2012, a total of 132 employees were rewarded for their long service with the company. A low staff turnover rate of 8.6% as compared to previous years (10.7% in 2011 and 12% in 2010), indicates as well that we are increasingly successful in offering a good workplace environment and in retaining our skilled staff.

To promote open and transparent communication, Allianz organises quarterly Townhall meetings for our employees nationwide. During these meetings, employees are given the latest corporate, financial and Company performance updates, plans and strategies. Apart from keeping employees informed, the meetings also aim to motivate and instil better work culture among our employees.

Our new staff members are also inducted into this culture of open and transparent communication. The purpose of the orientation training is to welcome and integrate newcomers to Allianz. During

these sessions, new employees are given an introduction to Allianz, briefed on existing policies, codes of conducts and guidelines and made to understand the performance management system. This is to ensure that they are clear of their roles and responsibilities from the moment they join the Company.

Furthermore, we see it as our responsibility to provide a healthy and safe work environment for our employees. In 2012, we embarked on various initiatives with the aim of promoting employees' health and well being.

The Safety and Health Committee is present in our head office and at branch offices to ensure employee safety at the workplace. Since 2010, the Allianz Medical Card was introduced, offering our employees free health screens at panel clinics as well as Inpatient and Outpatient coverage to our employees and their dependants in need of medical treatment.



In our continuous effort to promote health and wellness to our employees, we organised our "Allianz Health Day" together with Beacon International Specialist Centre on 13 September 2012, where employees were given a health briefing by a specialist followed by various health checks and tests.

In 2012, Allianz sponsored 350 staff and agents to participate in the Standard Chartered KL Marathon on 24 June 2012. Besides that, Allianz continued its partnership with the Penang Bridge International Marathon Committee in 2012 as a title sponsor for the Allianz Penang Bridge International Marathon for the second year running. The Committee is set up and appointed by the Penang State Tourism Development and Culture Office of the State Government of Penang. APBIM took place on 18 November 2012 with over 34,500 people participating from all around the world. Out of this number, over 1,200





participants were from Allianz, with Allianz Group colleagues from Germany, Indonesia and Singapore joining us. Running as a sport is clearly gaining traction as Allianz participation increased by 50% compared to the previous year's figure of 800 Allianz participants.

To further strengthen the work-life balance of our employees, we have a Flexi-Hour work arrangement in place. The initiative aims to provide flexibility to our employees in managing rush hour traffic as well as their personal or family needs.

### Corporate Volunteering

For Allianz, social engagement is a key part of our corporate responsibility. Through our focused activities, we aim to bring benefits to local communities by sharing our know-how, skills and experiences to tackle social challenges as well as create a positive impact for our business.

Corporate Volunteering provides an opportunity for us to give back to society and at the same time help to create awareness for societal issues among our employees. In 2012, we significantly increased our volunteering activities under Allianz4Good. Now we engage over 500 volunteers, above 30% of our current workforce. Collectively, through our road safety advocacy campaigns and My Finance Coach activities, a total of 2,732 business hours were dedicated to giving back to society. To govern this, we have developed a Volunteering Policy to conduct our volunteering activities in a systematic way.



Allianz' involvement in corporate responsibility has not been confined to solely internal projects. As part of our efforts in raising awareness, we also share our knowledge and best practice with others. For example, we presented at the Corporate Responsibility Conference, organised together with the Malaysian-German Chamber of Commerce ("MGCC"), where companies, Non-Governmental Organisations and social organisations were brought together to discuss the topic of sustainability.



We held our first Volunteer Appreciation Dinner in January 2013 to recognise and award volunteers for their consistent and dedicated efforts in 2012. The event in particular recognised Finance Coaches who taught two or more classes and Road Safety Ambassadors who volunteered three or more times in the year. For 2012, 16 Finance Coaches and 8 Road Safety Ambassadors were awarded. Apart from that, it was also a good occasion for employees to mix and mingle in an informal setting and to share their experiences.



## Road Safety

Reducing risks is the core of Allianz' business as an insurance company. Being one of the top motor insurers in the local market, we believe it is important for Allianz to educate the public on road safety and play a pivotal role in creating safety awareness. Allianz signed a three-year Memorandum of Understanding with the Road Safety Department of Malaysia ("JKJR") in 2011 to jointly advocate road safety among Malaysians. This partnership allows for knowledge sharing and dialogues which help us to develop more effective road safety strategies. We support JKJR's Zero Fatality Vision to reduce the national road accident fatality rate, which currently stands at 3.05 per 10,000 registered vehicles.

Year	2007	2008	2009	2010	2011	2012
Fatalities	6,282	6,527	6,745	6,872	6,877	6,917
Fatality Index per 10,000 registered vehicles	3.73	3.63	3.55	3.40	3.21	3.05

Source: Royal Malaysian Police Force

As part of this cooperation, Allianz employees are trained as Road Safety Ambassadors by JKJR, a total of 416 to date. In the training, they are taught about the most common causes of road accidents and are given advice on safe driving behaviour and how they can play a role by reporting bad road conditions as well as how to respond to road accidents. They are expected to lead by example and to be safe on the road as well as contribute actively to our Road Safety Advocacy Campaigns.

These campaigns are held jointly by JKJR and Allianz nationwide, with a focus on motorcyclists, who record the highest road fatality rate in the country. At these campaigns, our volunteers and relevant road safety authorities engage with passing motorists by advising them on proper road safety behaviour.

Specially designed reflective stickers made out of visibility enhancing material are stuck on to motorcycles as research has shown that these

stickers can significantly increase the night visibility of motorcyclists. Additionally, buckle-up reminder stickers are given out to stress the importance of using securely fastened helmets. Unsafe helmets that are too old or do not conform to safety standards are exchanged with new ones for free during the course of the Road Safety Advocacy Campaigns.

In 2012 until the end of March 2013, over 24,600 reflective stickers, and around 1,800 helmets were distributed at 38 Road Safety Advocacy Campaigns across Malaysia. 546 reflective windbreakers were distributed to university students and employees.

To promote child safety while travelling in a vehicle, over 18,000 child safety booster seats were distributed to our employees and to the public. The seat is designed to boost the child's sitting height so that the safety belt does not restrain the neck of the child. The booster seat will thus help to secure a child while travelling in a vehicle seat equipped with a 3-point seat belt.



### Allianz Drive Safely Campaign

To raise awareness and understanding of road safety issues around the world, Allianz works with many partners, including Formula One™ (“F1”), the Road Safety Fund by the Fédération Internationale de l’Automobile (FIA) Foundation, Decade of Action for Road Safety 2011-2020 and JKJR.

Allianz Group has been linked to F1 since 2000. In 2007 Allianz Group focused its communications to highlight and develop an understanding of road safety issues amongst the global F1 audience. In the following year Allianz became the Official Global Partner of F1 and has since increased branding with emphasis on the aspect of safety. In 2010, Allianz sponsored the Official F1 Safety Car and Medical Car. In 2011, Allianz also became the safety partner for MERCEDES AMG PETRONAS F1 Team. As part of the team partnership with the MERCEDES AMG PETRONAS F1 team, Allianz explicitly decided not to position its branding on the car, instead choosing this as an opportunity to highlight safety devices like safety belts, race overalls and the Head and Neck Support Device (HANS). In addition, team members, including drivers, provide exclusive F1 insights as well as their personal safe driving advice through the Allianz Drive Safely website and communications programmes.

In line with the Allianz Group’s effort to promote and deliver the “Drive Safely” message, Allianz activated F1 beginning 1 March 2013 locally and rolled out an internal Drive Safely contest among employees. Road shows were also organised to promote the “Drive Safely” message to the public.



### My Finance Coach

Having a solid grasp of financial knowledge enables people to make sound financial decisions and reduce risks. As a financial institution, money management is our people’s strength. We harness this asset by passing on our knowledge to society.

In 2012, Allianz embarked on the My Finance Coach (“MFC”) programme, a financial education programme for young people (11-18 years). The programme is overseen by the non-profit My Finance Coach Foundation with its head office in Germany. Since the inception of the programme in 2010, it has been recognised by the German United Nations Educational, Scientific, and Cultural Organization (“UNESCO”) Committee as an official project of the United Nations Decade of Education for Sustainable Development.

Under the MFC programme, employee volunteers are trained as Finance Coaches who teach classes on financial topics in schools and Non-Profit Organisations. The materials are developed under the guidance of education and economics experts in Germany, then localised for the Malaysian context.

Before teaching, all Allianz volunteers are required to sign and adhere to a Code of Conduct which strictly prohibits any commercial activity in classes and also emphasises respect for the rights of children. Thus far, 155 Allianz employees have signed up for the programme with 112 trained and over 50 having taught a class.

In just over a year, Allianz has reached over 700 students, including hearing-impaired students, deaf participants of a financial fair, street children in the non-profit Chow Kit Foundation, employees’ and agents’ children and students from various schools in Klang Valley. Allianz



engages a range of organisations as it believes financial inclusion is an issue for a varied and diverse population.

Since 2012, we have signed a Memorandum of Understanding with the My Finance Coach Foundation which oversees the overall implementation of the MFC programme worldwide. Through this partnership, we are able to use the MFC materials and methodology and are also part of a broader international MFC network. The MFC programme is carried out with the permission of the Malaysian Ministry of Education. Allianz also works with Bank Negara Malaysia under its School Adoption Programme to reach out to 3 schools under its purview. In 2013, Allianz is partnering with the Federation of Malaysian Consumer Associations (“FOMCA”) in support of FOMCA’s National Consumer Day competition, whereby it conducts outreach programmes across schools in Malaysia over a period of 6 months.



**of students said that they learned something new about money and finance from MFC**

Allianz will be joining FOMCA on these outreach sessions through MFC classes, which will also be taught at these schools, most of them in a rural setting.

In December 2013, Allianz took part in Child and Youth Finance International (“CYFI”)’s Asian Regional Summit held in Manila, Philippines, as part of a panel speaking on “Drafting, Developing and Implementing Child and Youth Finance: Programmes and National Strategies” and talking specifically on the rollout of MFC in the region. This affiliation with CYFI has led to the active support for and participation in Global Money Week 2013.

Allianz will roll out MFC in branch offices this year, with its first class outside the Klang Valley held for agents’ and employees’ children in Kota Bharu in December 2012.



### Global Money Week 2013

From 15 to 21 March 2013, organisations from more than 50 countries across continents participated in Global Money Week 2013 to raise awareness on financial education among children and youth. Allianz joined the celebration by conducting MFC classes in CUED Speech Centre, a school for the hearing impaired, as well as in SK La Salle Brickfields 1, where we hosted a video call with children in Brunei and the Philippines. We also organised a visit to Bank Negara Malaysia’s Museum and Art Gallery for our employees’ children. Moreover, we held a financial literacy outreach programme in Kota Bharu, Kelantan, over 2 days where children had the chance to win prizes if they participated in a financial literacy quiz and crossword competition.

## Social OPEX

Social OPEX is an Allianz Group leadership development and employee volunteering programme which combines Allianz Group's internal quality approach - namely OPEX ("OPERational EXcellence") - with employee engagement in the social sector. It aims to share our employees' know-how and business skills with socially-committed organisations.

Allianz carried out its second local Social OPEX project, this time with the social organisation Selangor Cheshire Home ("SCH"). Established in 1963, SCH provides residential care for residents of all races and religious backgrounds, who are permanently disabled and with little means and resources. Under the project, the Allianz Social OPEX team worked together with the SCH team to address their specific organisational and operational challenges, such as the restructuring of their organisation and the donation appeal and donor acknowledgement process. Applying the OPEX methodology, the team then spent a week at SCH brainstorming, analysing and finally providing practical solutions. Both parties benefit from this arrangement as they are able to share experiences and best practices.

## Corporate Giving

Corporate Giving plays an important part in community development and is part of our role in civil society. We are guided by Allianz Group's Global Donation Guideline and Principles of Social Engagement when considering Corporate Giving activities to ensure that such activities are carried out in a transparent manner and are able to generate long-term sustainable value to society and our stakeholders.

## Integrity Check for Non-Profits

In 2011, we streamlined our corporate giving processes to strengthen our profile as a responsible Corporate Citizen.

Similar to the Vendor Integrity Screening (→ Governance), the Allianz4Good Department applies an "Integrity Check for Non-Profit/ Non-Governmental Organisations" to all potential partners from the social sector. The overall aim is to ensure that Allianz' social commitments are on par with the high ethical and legal standards of our business dealings.

## Disaster Response

A disaster is an unforeseen and often sudden event that causes great damage, destruction and human suffering. As an insurance company, we are well aware of the economic implications arising from them. When natural disasters occur, many of our employees show a desire to help. Through our international partnership with the International Federation of Red Cross and Red Crescent Society, we have been able to carry out local collection drives to contribute to humanitarian relief on an international scale.

## Charity at Heart

Allianz understands the importance of supporting health in the community. In 2012, we organised 2 blood donations drives, one at our Kuala Lumpur Branch and another as part of an Allianz outreach programme in Kota Bharu.



## Celebrating 10 Years in Malaysia

Our 10th anniversary events included charity runs, charity dinners, and visits to underprivileged homes, treasure hunts and fundraising carnivals with the aim of giving back to the society we live and work in.

Themed "10 years in Malaysia – Allianz4Good", the fundraising activities saw the participation of Allianz employees and their families as well as business partners and the general public.

A total of RM 453,018 was raised and channelled to over 29 charitable organisations.

The year 2012 was special to Allianz as it marked our presence in Malaysia for 10 years - a significant milestone for Allianz since it began operations here in 2002. We celebrated the anniversary by organising a series of charity fundraising events nationwide. At the same time, we formally introduced Allianz4Good, our CR brand, strongly encouraging employee engagement in corporate responsibility activities.

### Persatuan Mobiliti Selangor & Kuala Lumpur

Persatuan Mobiliti Selangor & Kuala Lumpur ("MOBILITI") is a charitable organisation that was set up to provide door-to-door transport for wheelchair users within the Klang Valley and has been sponsored by Allianz since 2006. In 2011, we increased the sponsorship from 3 vans to 4 vans and continue to sponsor MOBILITI. In addition, Allianz also provides free motor insurance for all the sponsored vans and in 2013, Allianz also provided free Driver and Passengers Personal Accident insurance for the 4 sponsored vehicles.

The vans are specially modified with hydraulic lifts and a wheelchair restraint system that enables passengers to travel comfortably around the Klang Valley. Our sponsorship of these vehicles covers operational costs which include fuel, toll and maintenance.

More than 1,000 passengers are registered with MOBILITI. In 2012, MOBILITI helped wheelchair-bound Malaysians make about 8,000 trips.

### KidZania

2012 saw Allianz start the year with a unique partnership with KidZania through the signing of a Memorandum of Understanding with Themed Attractions. Allianz is the first insurance company in the world to have its presence in KidZania. KidZania is an indoor educational

and entertainment theme park that is scaled down to child's size and which has its own economy. Our involvement in KidZania helps us teach a younger generation about the basics of insurance. As a partner of KidZania, we have an Allianz establishment in this little makeshift city for children to work in or buy KidZania insurance policies. With this venture, we hope to play a role in exposing and teaching children the importance of insurance in an interactive way.

### Allianz Junior Football Club

Football is an international language that enables Allianz to engage and connect with our customers. The Allianz Junior Football Camp is a global sponsoring platform capitalising on FC Bayern and Allianz Arena to drive brand awareness. The camp offers aspiring teenagers between 14-16 years old a chance to win a fantastic 6-day football adventure to Munich, Germany where they get the opportunity to practice with FC Bayern youth coaches, are invited to a meet and greet session with football superstars and visit the Allianz Arena as well as do some sightseeing in Munich. The Allianz Junior Football Camp has been a real success since its launch in 2009 with an annual increase in the number of participating countries. In 2012 alone, over 60,000 applications from over 100 countries were received.

2012 saw Allianz Malaysia participating for the first time. We received over 1,200 applications despite the limitation of having the camp just in Selangor. Out of these, about 500 aspiring teenagers turned up for the trial matches and the final two winners were selected for the trip to Munich, Germany to attend the fourth international Allianz Junior Football Camp. The winners were handpicked by a panel of judges led by the former national footballer K. Gopalan. We hope this platform will help to fuel their passion and aspiration to be great football players.



# Governance

We believe that responsible corporate governance sets the foundation for sustainable business performance. With this in mind, various corporate governance practices have been implemented in Allianz to ensure that our business is conducted in a transparent manner with full accountability and integrity.



We recognise the importance of sound internal controls in safeguarding our assets and our shareholders' investments. We have accordingly established various internal controls in the areas of risk management, finance, operations and compliance. Below, we would like to highlight some of the corporate governance practices that have been implemented at Allianz.

## Compliance Management System

The compliance management system forms part of our internal control system to ensure compliance with local and internationally recognised laws, rules and regulations to promote a culture of integrity and safeguard our reputation.

As part of the compliance management system, we participate in Allianz Group's Anti-Corruption Programme which aims to further enhance internal anti-corruption controls. The following initiatives are implemented locally:

- The Anti-Corruption Policy which outlines the existing controls and behavioural guidelines on the risk areas of dealing with government officials, business courtesies, hiring of representatives, political contributions, joint ventures and outsourcing agreements as well as facilitation payments;
- The Anti-Fraud Committees were set up by the insurance subsidiaries to coordinate all activities concerning fraud prevention and detection. The Anti-Fraud Policy, which defines fraud events, the investigation process, reporting procedures, fraud risk assessments, training and the roles and responsibilities of Management and employees, has been put in place to assist the Anti-Fraud Committees. The Anti-Fraud Committees are also

responsible for all fraud investigations and ensuring that necessary remedial actions are taken to mitigate the recurrence of fraud;

- Anti-Money-Laundering and Counter Financing of Terrorism ("AML/CFT") Policies and Procedures were established to prevent and detect money laundering and terrorism financing activities. These encompass customer due diligence, screenings against sanctions lists and reporting of suspicious transactions to the Compliance Department. In respect of education, staff and agents are continuously trained on AML/CFT requirements to ensure they are aware of their fundamental responsibilities in adhering to the procedures of verifying customers' information and reporting of suspicious transactions. Last year, 87% of our employees participated in the online AML/CFT training;
- The Vendor Integrity Screening process ("VIS") aims to ensure a proper integrity due diligence before any vendor is engaged. The screening contains a self-assessment section for the potential vendor and a risk evaluation to be completed by the Allianz staff in charge. If the screening does not reveal any negative or adverse findings on the vendor, a contract may be concluded with the said vendor which incorporates, amongst others, an anti-corruption clause. 294 suppliers have been screened and this list is compiled into a Central Vendor Directory to facilitate the ongoing monitoring of all vendors with a contractual relationship with Allianz;
- The Related Party Transaction ("RPT(s)") Review Procedure ensures that RPTs are undertaken on arm's length basis, are consistent with our usual business practices and policies, are not more favourable to the related parties and are not to the detriment of minority shareholders. To serve this purpose, a Due Diligence Working Group was formed to review any occurrence of RPT and to submit their recommendations to the Audit Committee and ultimately, to the Board of Directors for consideration;



- The Gifts and Entertainment Policy sets out the minimum standards for gift and entertainment handling to and from clients, business partners, government officials or relevant persons. It aims to avoid any issue of conflicts of interest or threat to our professional independence;
- Our compliance management system provides an avenue for whistle blowing. The whistle blowing system was implemented to enable our employees to confidentially alert the Compliance Department about any irregularities. Such complaints or concerns may be made anonymously. Having this system in place promotes transparency and accountability throughout Allianz.

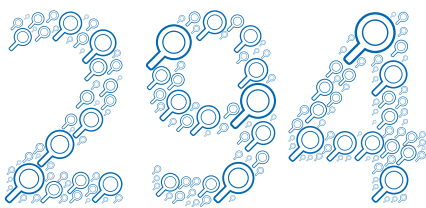
Our employees are required to adhere to various guidelines and policies which set the standards for business conduct covering the topics, inter alia, non-discrimination and harassment, dealing with confidential information, insider trading, external communication, conflicts of interest, anti-corruption and bribery, gifts and entertainment and protection of our property and natural resources. In addition, they are also required to make an annual declaration that they fulfil the minimum criteria of "A Fit and Proper Person" as prescribed in Part XII of the Insurance Regulations 1996.

A Code of Ethics for Senior Financing Professionals is also made compulsory for our Senior Management and certain departments, primarily in the financial area. It governs ethical and proper conduct in both the private and professional spheres, particularly relating to the handling of conflicts of interest and corporate disclosure.

Employees of our insurance subsidiaries are also required to adhere to the Codes of Ethics issued by the Life Insurance Association of Malaysia and the General Insurance Association of Malaysia respectively.

Our stance on ethical practices is not just applicable to our employees; we also make it compulsory for our agents to comply with the Sales Policy and Sales Agent Code of Conduct to ensure professional and fair sales conduct while dealing with our customers. Agents who do not abide to the Sales Policy and Sales Agent Code of Conduct are dealt with by the Ethics and Compliance Committee.

In March 2012, we had established a Fit and Proper Policy and Procedures for Key Responsible Persons to assess the fitness and propriety of Directors and Key Responsible Persons.



## suppliers have undergone the Vendor Integrity Screening process

### Business Ethics

Integrity is one of our core values and we are committed to practising the highest ethical standards, in the conduct of our business. While surveyed, 91% of our employees felt that Allianz has a high level of integrity.

For more information on our Corporate Governance practices, please refer to the Corporate Governance Statement and the Statement of Risk Management and Internal Control presented on pages 88 to 109 of the Annual Report.