

# Allianz Group Sustainable Development: Progress Report 2012

Over  
**130**  
green products  
and services

€ 20.4 €  
million  
donated to local  
communities  
in 2012

Over  
**17**  
million  
people  
protected by  
our microinsurance  
products

reduction of our  
CO<sub>2</sub> footprint  
per employee  
since 2006

**35.6%**

**2.42**  
metric t

CO<sub>2</sub> emissions  
per  
employee



employees

€1.3bn  
invested  
in renewable  
energy projects



€64.4bn  
in Sustainable  
and Responsible  
investments

\$ 6.2 \$  
billion  
brand value

**33.9%**

of  
management  
positions  
held by women

**57.6%**

of our CO<sub>2</sub>  
emissions  
come from  
energy  
use

**78**  
million  
customers

9.5bn  
operating  
profit  
Solvency  
ratio  
**197%**



106.4bn  
total revenues  
5.2bn  
net income

**8.3%**  
reduction  
in energy  
use by  
employees  
since 2010

# ALLIANZ GROUP

## SUSTAINABLE DEVELOPMENT: PROGRESS REPORT 2012

### ECONOMIC

#### Customers

The loyalty of our customers is one of the key factors for our sustainable growth. Our aspiration in this area is to outperform our local peers. Constant feedback from our customers is vital to ensure that we improve our products, services and processes. As part of our customer-focus activities, we use key feedback tools, such as the Net Promoter Score (NPS). These tools help us to listen to our customers, understand their needs and learn from them so that we can identify and act on improvements.

NPS is a measurement of customers' willingness to recommend Allianz and is our key global metric for customer loyalty. It is regularly measured in about 40 Allianz companies worldwide, representing around 90% of gross premiums written (GPW).

Our efforts to further improve the loyalty of our customers proved effective in 2012. The proportion of Allianz businesses with significantly more loyal and satisfied customers than the local market average rose from 52% in 2011 to 55% in 2012. The percentage of Allianz companies that have attained loyalty leadership in their market also increased, from 28% in 2011 to 30% in 2012.

#### Brand

With operations in more than 70 countries worldwide, and the rebranding of Mondial Assistance<sup>1</sup>, Colseguros and Rosno, our Allianz branded revenues increased to approximately 83% (2011: 80%) of total revenues.

We are ranked among the top performers within the financial services sector in the Interbrand 100 Best Global Brands ranking. In 2012, we demonstrated the highest growth rate of all European financial services providers assessed, with a brand value growth of 16%, increasing from U.S. Dollar 5.3 bn in 2011 to U.S. Dollar 6.2 bn in 2012. This is the third year in a row that we have achieved substantial improvement, following an increase of 28% in 2010 and 9% in 2011.

Our positioning as a trusted partner with strong customer focus, the skillful use of technology to connect with consumers and improve customer service as well as a globally consistent brand experience were seen as some of the success factors.

In the Interbrand 50 Best Global Green Brands Report 2012, Allianz was ranked as the Best Global Green Brand in the financial services sector. The report assesses brands by consumer perception of green activities and

demonstration of environmental performance. In the consumer perception category Allianz is the leading

financial services brand and within the Interbrand performance pillars - governance, stakeholder engagement, operations, supply chain, transportation and logistics as well as products and services – we are among the top five companies. In commenting on Allianz's top rating, Interbrand refers to our worldwide sustainability initiatives.

#### Green products and services

We offer our private and commercial customers a growing number of green products and services that help mitigate the negative physical or economic effects of climate change or take its environmental impact into account. We currently offer more than 130 green products, which cover all of our business segments, including (re)insurance, assistance and asset management. We were the first financial services company to establish a comprehensive, Group-wide definition of green products and are working on further increasing transparency regarding their contribution to our overall financial performance. The definition has been rolled out to all Allianz entities.

Examples of green products on the commercial side include tailor-made insurance products for large-scale renewable energy projects and green building insurance to cover facilities or offices that have been built or refurbished to be more energy efficient. For private customers, examples include rewarding drivers with climate-friendly and fuel-efficient cars with a special discount on car insurance, property insurance – including roof-mounted solar panels – and investment vehicles such as our EcoTrends fund, which allows customers to put their money in clean technologies.

## Microinsurance

As of December 31, 2012	2012 <sup>1</sup>	2011	2010
Gross Written Premiums [€m]	78.6	57.4 <sup>2</sup>	78.4
Thereof from non-consolidated entities (i.e. India)	55.2	40.6	n.a.
No. of in force insured people (rounded) [m]	17.1	3.9 <sup>2</sup>	3.8
Thereof from non-consolidated entities (i.e. India)	14.6	2.9	n.a.

1) KPMG AG Wirtschaftsprüfungsgesellschaft has provided limited assurance on the 2012 microinsurance performance information as well as the following indicators: number of in-force insured and Gross Written Premiums.

2) The 2011 figures reported in last year's report excluded numbers for November and December from India as well as the full year Columbia portfolio as those data were not yet available at the date of the publication of report. These numbers have been adjusted.

2012 has seen strong growth in the number of people insured and gross written premium (GWP), which grew 340 percent and 37 percent respectively. The number of insured grew nine times faster than GWP due to the fact that the majority of newly insured took out group term life policies, which have particularly low premiums.

India has been the biggest growth market in 2012 with an increase of 11.7 million to 14.6 million people covered by our microinsurance. Other significant growth markets include Indonesia, which the number of insured people passed one million in 2012 with an 186 percent increase, and Malaysia (135% increase). Africa showed 200 percent growth compared to 2011, but only makes up a small proportion (3%) of the total number of insured people. Allianz continues to offer microinsurance in 11 countries in Asia, Africa and South America. In 2012, no new markets were entered.

The drop in the Gross Written Premium in 2011 was due to the microcredit crisis in India from late 2010 into 2011. The situation has now stabilized, for example with the introduction of micro-credit information bureaus.

In 2012, Allianz subsidiaries have launched six new microinsurance products, more than in any previous year, bringing the total number of products up to 20. Two of these new products are linked to mobile technology. This demonstrates the increasing speed of innovation and market development in microinsurance.

At the same time, distribution of two products was discontinued. One cancellation was due to the regular expiry of the related distribution agreement. The other discontinuation was due to product benefits being too customer focused and not leaving room for sufficient sales incentives to motivate the distribution partners to market the product. This example has been documented and [published in the International Labor Organization learning diary on microinsurance](#).

More information on our microinsurance offerings can be read on our [Microinsurance Product Pool](#).

### Key performance indicators

In line with our microinsurance guiding principles, we are striving to better measure and control the financial and social performance of microinsurance by applying key performance indicators (KPIs) to microinsurance. The general KPIs collected are:

- Number of insured
- Gross written premium
- Number of distribution partners
- Claims ratios (in some cases).

Except for claims ratios, these indicators are published half-yearly [on our website](#) which offers a unique level of transparency. More detailed KPI monitoring and active steering was initiated in 2012 and will be further expanded in 2013.

### Explanatory notes:

[https://www.allianz.com/en/sustainability/performance/kpis\\_performance/economic/explanatory\\_notes.html](https://www.allianz.com/en/sustainability/performance/kpis_performance/economic/explanatory_notes.html)

### KPMG Assurance statement:

[https://www.allianz.com/en/sustainability/assurance\\_kpmg.html](https://www.allianz.com/en/sustainability/assurance_kpmg.html)

## Sustainability in third-party asset management

### Sustainable and Responsible Investments

We manage a growing portfolio of Sustainable and Responsible Investments (SRI). The largest share of Allianz Asset Management's (AAM's) total SRI assets under management are managed by PIMCO and 2012 is the first year of reporting. By the end of 2012, PIMCO's SRI investments totaled €49.1 billion. In addition, Allianz Global Investors (AllianzGI) managed €15.3 billion (2011: €3.4 billion) of SRI investments.

A number of factors have driven this significant increase: SRI screening was introduced following a review of the investment criteria for some of the assets managed for Allianz Group; general market appreciation; and inflows of new assets from our third-party clients into both fixed-income and equity SRI products. At year-end 2012, the total SRI managed by AAM amounted to €64.4 billion, corresponding to 4% of AAM's total assets under management.

As of 31 December		2012	2011	2010
Total SRI assets under management, AAM	€ bn	64.4	--	--
AllianzGI: SRI assets under management	€ bn	15.3	3.4	3.1
PIMCO: SRI assets under management	€ bn	49.1	--	--

### 2012 Global Investor Statement on Climate Change

In its role as a member of UNEP's Finance Initiative (UNEP FI), Allianz signed a letter from global institutional investors to the governments of the world's largest economies in 2012, calling for a new dialogue on climate change policy in order to avert dangerous climate change and its resulting economic impacts. The open letter was issued just before the international climate negotiations in Doha in November 2012, shortly after the U.S. presidential election and the change in Chinese leadership. The statement was signed by investor networks representing 22.3 trillion U.S. Dollars in assets and was also supported by the Principles for Responsible Investment Initiative of which Allianz is also a signatory as an asset owner and Allianz Asset Management as an investor.

### Sustainability in proprietary investments

#### Investments in renewable energy projects

As large institutional investors, insurance companies are important players in financing a low-carbon economy. Since 2005, we have made direct investments in renewable energy projects and the total invested by the end of 2012 was €1.3 billion, making Allianz one of the largest investors in this field. Due to the illiquid nature of this asset class and a lack of attractive projects over the course of 2012, we have not yet reached our original target of €1.5 billion by the end of 2012. However, since renewable energy has an attractive risk-return profile, we are expanding our investments and building up a long-term portfolio in wind energy and solar power.

Our renewable energy portfolio now includes over 40 wind and solar parks in Germany, France and Italy. We acquired a number of wind parks in 2012 including Eckolstädt (26 MW) and Suderbruch (16MW) in Germany, and Croquettes (12MW) and Longchamp (10MW) in France.

#### Carbon investments

Allianz became a carbon neutral business in 2012. In addition to our carbon reduction target, being a carbon neutral business is the second pillar of our commitment and contribution to achieving a low-carbon economy. However, instead of simply buying credits on the carbon market, we are investing directly in high-quality carbon projects that generate carbon credits, which we can use to neutralize our remaining carbon footprint. Carbon has

arisen as an asset class on the back of concern about climate change and CO<sub>2</sub> emissions. By being an early investor in this market, Allianz has already gained valuable experience and is benefiting from the opportunities this offers.

Projects:

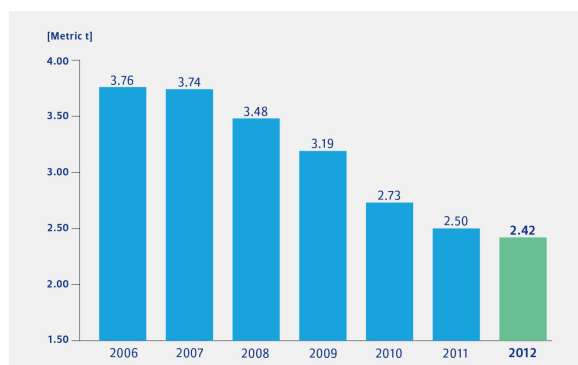
- **2012:** C-Quest Capital LLC (CQC): We are financing an energy efficiency program implemented by CQC in India. The program replaces incandescent light bulbs in private households with more energy-efficient compact fluorescent lamps (CFLs). Approximately 8.5 million light bulbs will be replaced, reducing residential energy consumption and avoiding 3.7 million metric tons of carbon dioxide being emitted over a ten-year period, generating the equivalent number of carbon credits.
- **2011:** Wildlife Works Carbon LLC (WWC): We are furthering forest protection in developing and emerging countries through the acquisition of a 10% share in WWC, an organization that develops the UN-backed Reducing Emissions from Deforestation and forest Degradation (REDD) projects. The first project is a 208,000-hectare forest in South-East Kenya, which acts as a corridor between two national parks. During the 30-year lifetime of this project, up to 36 million metric tons of carbon dioxide emissions will be avoided, generating the equivalent number of carbon credits. By investing in WWC, we are highlighting that REDD projects are an attractive investment option, since they combine a high level of social and ecological responsibility with competitive returns for investors.

## ENVIRONMENT

### Carbon footprint

In 2012, Allianz continued to reduce its carbon footprint, cutting CO<sub>2</sub> emissions per employee from its business operations by a further 3.2 % compared to 2011. Our overall CO<sub>2</sub> reduction since 2006 now stands at 35.6 % per employee. Whilst we have already reached our 2015 CO<sub>2</sub> reduction target (-35% reduction in CO<sub>2</sub> per employee between 2006 and 2015) and are close to our new energy target (-8.3 % against a targeted -10 % per employee between 2010 and 2015), as the economy continues to improve, the challenge for Allianz will be in controlling our consumption and emissions over business cycles.

### CO<sub>2</sub> emissions per employee

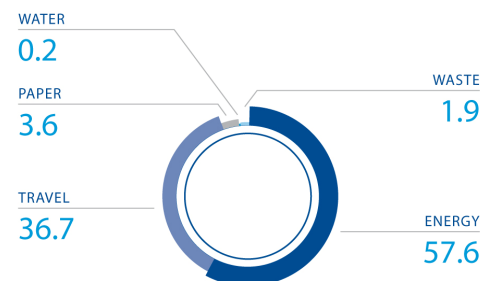


### Trends 2012

- CO<sub>2</sub> per employee decreased to 2.42 metric tons per year with the reduction primarily driven by reduced travel activities.
- CO<sub>2</sub> reduction also driven by lower carbon intensity of the paper and energy we source.

Since the majority of our emissions (98%) come from energy, travel, and paper, the focus of our carbon reduction activities is on these three areas. In 2012, all three contributed to a reduction in our carbon footprint.

### Allocation of our CO<sub>2</sub> emissions in 2012 [%]



Although our total energy consumption increased, the decrease in related carbon emissions was achieved by sourcing lower-carbon energy. Moreover, the increase of paper consumption in 2012 was in particular linked to our [rebranding activities](#), for which we used more carbon-efficient paper sources (substitution). We also

achieved a reduction both in the total kilometers traveled and the total CO<sub>2</sub> footprint from travel.

While 2012 was a particularly successful year for Allianz financially, it also showed that business growth influences consumption. In our case, consumption increased for all indicators except travel. In line with our carbon reduction strategy, we aim to control our carbon footprint over business cycles by substituting the resources we use with lower carbon alternatives.

We set a new energy target in 2012, to help us achieve our overarching carbon target: A 10% reduction per employee from our 2010 energy consumption levels by 2015. In 2012, our energy use was 8.3% less than 2010 levels. Although this is good progress against our energy target, 2012 has seen a slight setback with energy consumption per employee increasing by 1.3 % compared to 2011. Some of the contributing factors to this increase in energy use include our Allianz digital program which is a key strategic initiative to harmonize systems and processes across the Group to reduce the complexity and increase efficiency and productivity. Next to general growth of our business, the move towards greater digital infrastructure leads to an increased demand for direct energy use. As part of our energy reduction commitment, projects like the consolidation of our data center infrastructure play an important role. Such projects require transition time, during which we may experience higher energy consumption.

We consider the slight fluctuations in water and waste as natural variability. The share of paper from recycled sources as well as FSC-labeled paper has increased further.

### Carbon neutralization

Allianz has become a carbon neutral business in 2012. In addition to our carbon reduction target, being a carbon neutral business is the second pillar of our commitment and contribution to achieving a low-carbon economy. However, instead of purely buying credits on the carbon market, we are investing directly in [high-quality carbon projects](#) that generate credits, which we can use to neutralize our remaining carbon footprint. In 2012, 175,000 credits, each accounting for one metric ton of carbon avoided, were retired from our own projects. Our remaining carbon footprint was neutralized by credits bought from the carbon market, which underwent a stringent sustainability screening to ensure they met the same high standards as our own projects.

### Outlook

In 2013 we will continue to improve the quality of our environmental data; specifically focusing on further improving our carbon accounting methodology and formalizing and further automating our reporting systems. Better data quality will also be the basis for future decision-making on environmental activities and targets.

## Key figures

<b>Total greenhouse gas emissions (CO<sub>2</sub>e), [metric tons]</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Scope 1 – Direct GHG emissions, total	82,805	70,150	84,354
Scope 2 – Indirect GHG emissions, total	152,525	159,093	185,698
Scope 3 – Other indirect GHG emissions, total	111,640	125,669	122,465
Scope 1-3 GHG emissions, total	346,970	354,912	392,517
Total GHG emissions per employee	2.42	2.50	2.73

<b>Energy consumption</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total energy consumption [GJ]	3,195,425	3,124,973	3,492,423
Energy consumption per employee [GJ]	22.29	22.02	24.31
Electricity [%]	60.9	66.1	64.6
Fossil fuels [%]	21.5	20.0	21.4
Long-distance heating [%]	15.2	12.1	12.8
Other (energy from own sources including photovoltaic, internal waste heat, fuel cells) [%]	2.4	1.8	1.2

<b>Green energy</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Green energy as a share of total energy sourced [%]	44.6	43.6	40.4

<b>Travel</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total traveled [tkm]	925,519	953,717	946,570
Kilometers traveled per employee	6,457	6,719	6,588
Road travel [%]	50.4	50.5	51.5
Air travel [%]	42.3	42.1	41.0
Rail travel [%]	7.3	7.4	7.5

<b>Paper consumption</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total paper consumption [metric tons]	20,309	19,525	20,591
Paper consumption per employee [kg]	142	138	143
Recycled paper [%]	40.4	31.2	15.3
FSC-labeled paper [%]	33.2	26.4	23.8

<b>Water</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total water consumption [m <sup>3</sup> ]	1,988,390	1,897,466	1,973,938
Water consumption per employee [liters]	13,872	13,368	13,738
Drinking water [%]	88.1	86.8	86.6
Rainwater [%]	0.8	0.6	0.7
Natural water [%]	11.1	12.6	12.7

<b>Waste output</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Total waste [tons]	28,862	28,105	29,473
Waste per employee [kg]	201	198	205
Waste incinerated [%]	33.7	25.3	25.6
Waste recycled [%]	55.5	56.5	54.8
Waste to landfills [%]	8.7	17.8	19.6
Special waste treatment [%]	2.1	0.4	0

Explanatory notes:

[https://www.allianz.com/en/sustainability/performance/kpis\\_performance/environment/explanatory\\_notes.html](https://www.allianz.com/en/sustainability/performance/kpis_performance/environment/explanatory_notes.html)

KPMG Assurance Statement:

[https://www.allianz.com/en/sustainability/assurance\\_kpmg.html](https://www.allianz.com/en/sustainability/assurance_kpmg.html)

## SOCIAL

### Employees

#### Workforce profile

Employees by region <sup>1</sup>	2012
Asia Pacific [%]	11.1
Eastern Europe [%]	14.8
Germany [%]	28.4
Middle East & Africa [%]	1.3
North America [%]	7.0
Rest of Europe [%]	34.2
South America [%]	3.2
<b>Total</b>	<b>144,094</b>

Employees by gender <sup>1</sup>	2012
Men [%]	47.9
Women [%]	52.1

Remuneration (€ billion) <sup>1</sup>	2012
Salaries and wages	8.9
Social security contributions and employee assistance	1.2
Expenses for pensions and other post-retirement benefits	1.1
<b>Total</b>	<b>11.1</b>

1) Total number of employees with an employment contract of all consolidated companies (core and non-core business).

The Allianz Group paid a total of € 8.9 billion to its employees worldwide in 2012. Of this, approximately 30% was for performance-related (variable) remuneration elements. € 2.3 billion was spent on social security contributions, pensions and other social benefits.

Please note that all figures provided below are based on the number of employees in Allianz's core business,

which includes all companies in and related to the insurance and asset management business, including our banking activities in Germany, France, Italy and Central and Eastern Europe. The figures do not include fully consolidated companies that are considered as pure financial investments and companies classified as held for sale.

Employment relationships <sup>1</sup>	2012	2011	2010
Permanent employees [%]	93.5	93.7	93.5
Temporary employees [%]	6.5	6.3	6.5
Full-time employees [%]	87.6	88.7	88.3
Male [%]	52.3	52.1	52.1
Female [%]	47.7	47.9	47.9
Part-time employees [%]	12.4	11.3	11.7
Male [%]	20.2	17.3	20.3
Female [%]	79.8	82.7	79.7
Trainee ratio [%] <sup>2</sup>	2.3	2.3	2.2

1) Figures based on the number of employees in Allianz's core business

2) Trainees are employees at the beginning of their career participating in a trainee program, i.e. undergoing practical training designed to facilitate their development of knowledge and skills, e.g. apprentices, trainees, interns and working students, and with a formal arrangement (e.g. employment contract or third-party agreement with a school or university).

Employee qualifications <sup>1</sup>	2012	2011	2010
University degree [%]	44.5	44.3	44.7
Vocational training [%]	31.3	33.7	34.7
Other <sup>2</sup> [%]	24.2	22.0	20.6

1) Figures based on the number of employees in Allianz's core business

2) "Other" excludes higher-level education. Currently we do not track specific local qualifications at a Group level as educational systems vary widely by country.

<b>Employee turnover<sup>1</sup></b>		<b>2012</b>	<b>2011</b>	<b>2010</b>
Total external recruitment		21,324	22,029	21,398
External recruitment by gender [%]	Male	42.2	45.3	n.a.
	Female	57.8	54.7	n.a.
External recruitment by region [%]	Asia Pacific	15.1	15.7	16.9
	Eastern Europe	21.1	21.5	21.2
	Germany	13.4	12.2	15.0
	Middle East & Africa	0.7	1.7	2.0
	North America	4.8	7.5	6.3
	Rest of Europe	41.9	39.4	37.0
	South America	3.0	2.0	1.7
Total external leavers <sup>2</sup>		19,815	21,005	22,149
External leavers by gender [%]	Male	43.0	47.4	n.a.
	Female	57.0	52.6	n.a.
External leavers by region [%]	Asia Pacific	13.8	15.5	15.5
	Eastern Europe	26.1	21.5	20.8
	Germany	13.3	15.8	18.7
	Middle East & Africa	0.7	1.0	1.5
	North America	5.7	6.8	4.1
	Rest of Europe	38.3	37.8	37.5
	South America	2.1	1.6	1.9

1) Figures based on the number of employees in Allianz's core business

2) Number of employees who left the Allianz Group during the reporting period.

<b>Tenure [years]<sup>1</sup></b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Managers	13.1	13.1	12.3
Staff	10.4	10.5	10.1

<b>Tenure by region [years]<sup>1</sup></b>	<b>2012</b>
Asia Pacific	6.6
Eastern Europe	5.7
Germany	14.3
Middle East and Africa	8.1
North America	7.9
Rest of Europe	11.7
South America	5.8
Allianz Group	10.7

<b>Age structure %<sup>1</sup></b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
24 or under	7.6	7.7	7.8
25-34	27.0	27.2	27.4
35-44	29.0	29.6	30.0
45-54	25.6	25.4	25.0
55-64	10.4	9.8	9.5
65 or over	0.4	0.3	0.3

1) Figures based on the number of employees in Allianz's core business

The aging populations of industrialized economies are reflected in the Allianz workforce, where a trend towards a slightly older average workforce is apparent.



## Diversity & equal opportunity

Diversity and equal opportunities	2012	2011	2010
Women in executive positions <sup>1,2</sup> [%]	19.4	19.2	17.6
Female managers <sup>1,3</sup> [%]	33.9	33.3	32.7
Share of women <sup>1</sup> [%]	52.5	52.3	52.4
Nationalities represented in executive positions <sup>1,4</sup>	54	51	51

1) Figures based on the number of employees in Allianz's core business.

2) Including women at all executive positions below the Board of Management.

3) Including women functionally responsible for other staff, regardless of level, e.g. division, department and team managers.

4) This figure is calculated by including all executive positions below the Board of Management; the figure for 2010 has been adjusted retrospectively.

Selected measures taken in 2012 to promote diversity:

- The Allianz 100 Women Sponsorship Program: a globally-run two-year sponsorship program of top performing female professionals by Allianz's most senior executives. The participants and their development are closely tracked with a scorecard during the program's two-year duration. A new program for new participants will be launched in 2013.
- Mentoring programs for women at companies such as Allianz SE, Allianz Global Corporate & Specialty (AGCS), Allianz Global Investors, Euler Hermes and Allianz France.
- Networking initiatives for women, including Allianz Women in Dialogue, Allianz U.S. Women Resource Group, Euler Hermes Women's Network and the Allianz Italy Women's Committee.
- In Germany, we fully support the initiative of the Ministry for Family Affairs, Senior Citizens, Women and Youth to bring more women into leadership positions by developing measures to improve the balance between work and private life e.g. new crèches launched in Munich.
- Allianz France and Allianz Germany proactively manage parental leave to support employees before and during their leave, as well as re-entry.
- Unconscious Bias awareness training for HR leaders and managers was introduced at Allianz SE.
- Allianz Italy actively recruits disabled graduates for underwriter positions, and both Allianz Global Assistance Italy and Allianz Hungary made accessibility improvements at call centers to encourage disabled recruits. At Mondial Assistance Brazil, and in 2012 at Allianz Global Assistance Italy, visually impaired call center operators have proven to be particularly focused. By providing excellent customer service, they have helped to increase the productivity of call centers.

## Talent Management

Employee training <sup>1</sup>		2012	2011	2010
Total expenses for employee training <sup>2</sup> [€m]		93.4	87.6	80.0
Training expenses per employee <sup>2</sup> [€]		707.5	666.8	605.6
Average training days	Staff	2.6	2.7	2.9
	Managers	2.8	2.5	3.7
Employees undergoing at least one training session	Staff [%]	64.2	60.6	55.5
	Managers [%]	70.0	68.0	81.8

1) Figures based on the number of employees in Allianz's core business.

2) Calculation basis was changed in 2011: it includes the effective spending on training and excludes related expenses (e.g. travel expenses) and further costs (e.g. internal academy costs). Restated figures for the previous year are provided.

## Employee engagement

Allianz annually collects feedback from employees, managers and Board Members to measure the overall level of engagement and identify its drivers. In 2012 we conducted the third Group-wide Allianz Engagement Survey. 117,646 employees from 67 Allianz companies were invited to participate. The global response rate of 81 % increased by 3 percentage points compared to 2011.

The Employee Engagement Index (EEI) is an objective assessment of employee engagement levels in the areas of employee satisfaction, loyalty, advocacy and pride in their organization. At Allianz, scores on this index have improved every year since the launch of our Group-wide survey in 2010. The survey results are factors in the remuneration of the Group's Board of Management.

## Health and Safety

<b>Sick-related absenteeism<sup>1</sup></b>		<b>2012</b>	<b>2011</b>	<b>2010</b>
Average sick days per employee		7.3	6.1	6.0
Sick days per region:	Asia Pacific	3.4	3.0	3.2
	Eastern Europe	6.8	5.1	4.9
	Germany	8.3	8.5	8.0
	Middle East & Africa	4.1	3.3	3.3
	North America	3.9 <sup>2</sup>	n.a.	n.a.
	Rest of Europe	8.6	6.3	6.1
	South America	2.9	2.1	2.8

1) Figures based on the number of employees in Allianz's core business.

2) Calculation basis was changed in 2012. Figures 2011 and 2010 were not adjusted and cannot be compared to 2012.

There was very little change in average sick days per employee in 2012 with fluctuations remaining within normal limits. No differentiation is made between

absences caused by sickness or stress since this is not permitted in many countries.

## Corporate volunteering

### Measuring impact

In 2012, three pilot studies were conducted to analyze the impact of our corporate responsibility activities on brand value and employee engagement as well as the impact of My Finance Coach classroom visits on the [financial literacy of pupils](#). Further studies and trend analyses will be conducted in 2013.

In 2012, MFC reached more than 100,000 pupils all over Germany. Employee volunteers from the supporting companies completed more than 1,000 class visits in over 200 schools, an increase of more than 50% over 2011. The German literacy competition (Bundeswettbewerb Finanzen), initiated in 2011 by MFC, was again a success. In 2012, 775 pupils from all over Germany participated in the competition and 44 were invited to the final round in Berlin in September.

### Allianz Group volunteering projects

**My Finance Coach – Financial Education for Youths:** A non-profit initiative run by Allianz SE, Grey Advertising Ltd. and McKinsey & Company, Inc., 'My Finance Coach' (MFC) aims to improve financial literacy among 11- to 15-year-olds. MFC reaches pupils in three ways: through classroom visits by corporate volunteers, teacher training and extracurricular activities.

In 2012, MFC reached more than 3,000 pupils in Argentina, Indonesia, Malaysia and Thailand, with a total of 115 class visits completed. The first teacher training outside Germany also took place in Thailand in October. The growing demand to roll-out MFC in other countries illustrates that financial literacy is a global challenge.

MFC was awarded the Comenius EduMedia Award in 2012 for particularly [valuable educational media](#).

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Number of Allianz volunteers	806	463	n.a.
Number of schools supported	242	184	n.a.
Number of students reached	105,328	65,800 <sup>1</sup>	7,770 <sup>1</sup>
Number of teachers reached	590	n.a.	n.a.

1) Germany only

**Social OPEX:** Social OPEX aims to share our employees' know-how and business skills with socially committed organizations. Social OPEX supports talent development at Allianz through a unique format that allows employees to gain valuable out-of-company experience while

exchanging core skills and expertise with the social sector.

In 2012, 49 employees from 19 different Allianz subsidiaries volunteered for Social OPEX and, with 16 projects added in 2012, our network of social organizations now exceeds 40.

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Number of Allianz volunteers	49	44	21
Number of projects supported	16	21	11

#### Local Allianz projects

**Allianz Senior Experts (Germany):** The goal of Allianz Senior Experts is to involve our retirees in sharing their wealth of know-how and experience to help solve social problems and promote social integration. Together with *startsocial*, a social ideas competition organized under the patronage of the German Chancellor, Angela Merkel, the Social Entrepreneurship Academy and My Finance Coach, we offer our retirees in Germany a variety of social engagement opportunities to choose from. In 2012, more than 80 retired Allianz employees in Germany supported over 120 projects through their participation in *startsocial*.

**Reforest'Action 1.2.3 (France):** To mark the UN's International Year of Forests, in 2012 Allianz France engaged in reforestation by financing the planting of 33,000 trees in the Saloum region of Senegal and 5,000 trees in Landes, France. 600 employees were involved in this operation and supported it with donations of € 20,500. In addition to this, Allianz France donated another € 63,700. About 3,000 farmers and their families directly benefit from the reforestation activities in Senegal by providing them with additional income and

food from the trees planted.

**Partnership with Lichterkette e.V. (Germany):** In 2012, Allianz Germany employees volunteered in a series of job application days for young students at the Munich-based Volkshochschule (community college). The job application days were run by Lichterkette e.V., a local association that develops projects and concepts that promote the exchange and peaceful co-existence of people with different ethnic backgrounds in Munich. The students taking part in the job application days were young refugees, who arrived in Germany without their parents to escape from war and (political) prosecution in their home countries. They are enrolled in the project "Flüchtlinge in Beruf und Schule" (refugees in work and school) that supports them to learn German, graduate from a secondary school and attain a job. Corporate volunteering has been an integral part of Allianz Germany since 2003 and it is now a module in the Allianz employee talent development program.

**Umana Mente "Il Borgo Felice" (Italy):** "Il Borgo Felice" (The Happy Village) is a project focusing on the education of disadvantaged children run by Allianz Italy's corporate foundation, Umana Mente, in conjunction with specialist non-profit organizations. In 2012, employees donated their vacation time at Allianz Italy's San Felice agricultural estate and hotel to support projects for young disabled people to experience grape and olive harvesting and other workshops. Other projects run by Umana Mente in 2012 included providing hotel and hospitality training to eight disadvantaged teenagers over a one-month period at the San Felice Hotel. They also organized a three-day webinar with Allianz Italy's Human Resources department to provide management training on staff recruiting and management issues to 250 non-profit organization staff.

**Help the Hospices (U.K.):** Chosen by employees, Help the Hospices has been Allianz U.K.'s main corporate charity partner since July 2009. Help the Hospices is the leading U.K. charity for hospice care. Allianz U.K. matches employee fundraising events for the charity, such as sponsored marathons, triathlons and bike rides. In the 3.5 years of the partnership, Allianz Insurance plc and its employees have donated £ 500,000 to support the work of Help the Hospices nationwide

**Driving to Donate Golf Tournament (U.S.A.):** In 2012, over 300 employees and vendors participated or volunteered in the annual charity golf tournament "Driving to Donate". The 2012 event raised more than 159,000 U.S. Dollar for the Alzheimer's Association. To establish a deeper impact in the senior services arena, Allianz Life North America will continue the partnership with the Alzheimer's Association. The Driving to Donate Golf Tournament started 16 years ago and continues to be one of the premier fundraising activities for Allianz Life employees to contribute to local charities.

#### Corporate Giving

Across the globe, we have 13 affiliated Allianz foundations. We collect information on their support and spending through an annual survey and this year we have aligned the survey with the London Benchmarking Group Model (LBG) to increase the transparency of our foundations' giving.

In 2012, our corporate giving totaled € 20.4 million (2011: € 22.2 million), comprising corporate donations and charitable memberships, as well as grants made by our foundations.

One example of our corporate giving is the visiting professorship for Islamic and Jewish studies at the Ludwig-Maximilian University Munich (LMU). Established in 2003, following the terrorist attacks of 9/11 in New York and Washington, the endowed chair aims to further understanding of and foster dialogue between Islamic and Jewish cultures. Sixteen visiting professors have taught in Munich through this program with the most recent visiting professors, covering the 2012/13 winter semester, being Tülay Artan from Istanbul and Aaron Rodrigue from Stanford.

## Disaster Response

**Strategic advances:** The effectiveness and efficiency of our disaster response activities were enhanced in 2012 by a number of activities, including:

- Further development of our disaster response guideline, which supports decision-making on when and how to take action in the event of a disaster. This includes the collaboration with our global partner since 2011, the International Federation of Red Cross and Red Crescent Societies.
- We extended our membership of the Munich Climate Insurance Initiative, which also supports disaster preparedness, for the next three years.

## Allianz Group activities

**Munich Climate Insurance Initiative (MCII):** In 2012, we extended our membership of the MCII for the next three years. The MCII is an organization supported by the insurance industry and hosted at the United Nations University. It is committed to developing public-private protection mechanisms and insurance solutions for people particularly affected by climate change and climate-related catastrophes, especially those with no access to insurance.

A particular project that we support is “climate risk adaptation and insurance in the Caribbean,” which aims to determine what role risk transfer can play in reducing loss and damage from weather extremes. The pilot

project gathers experts on risk management, insurance and adaptation to exchange knowledge and insight on innovative approaches to loss avoidance and reduction.

## Local activities

**Turkey (Van province):** Since 2011, Allianz Turkey together with Allianz Global Assistance Turkey and Allianz SE have been involved in the reconstruction project in the village of Mollakasim, Turkey, where a 7.1 magnitude earthquake hit in October 2011. In August 2012, the construction of a school, a medical center and an accommodation facility for teachers and nurses was completed. Furthermore, Allianz SE donated €50,000 in 2012 to support reconstruction efforts.

**Italy (Emilia Romagna):** Allianz Italy and its employees initiated a local employee fundraising campaign to support the victims of the earthquake that caused significant damage in Emilia Romagna in May 2012. Combined with Allianz Italy's matching of employee donations, a total of €66,219 was raised.

**USA (East Coast):** Allianz employees and our local entities together donated more than 55,000 U.S. Dollar to the American Red Cross to support the relief efforts for Hurricane Sandy that hit the eastern U.S.A. in October 2012.

## GOVERNANCE

### Government relations

#### Fostering dialogues

##### Our positions

Our goal in 2012 was to increase engagement on topics that have an impact on Allianz's activities in order to outline our position, as follows:

- **Solvency II:** The idea of the EU Solvency II Directive is to codify and harmonize the EU insurance regulation, in effect it consolidates 11 previously existing separate directives. It mainly addresses the amount of regulatory capital EU insurance companies must hold in order to reduce the risk of insolvency. In line with the insurance industry's position, we appeal for due consideration of our long-term investments up to 30 years by regulatory capital requirements. Further testing of the Solvency II was agreed during 2012, which unfortunately led to a postponement of the implementation date.
- **Financial Transaction Tax (FTT):** The idea of FTT is to impose a small charge on financial transactions on currencies, bonds and shares traded at banks and financial institutions to lower trading frequencies and to increase tax revenue. We feel that the scope of additional taxes must be clearly defined and that they must apply to all markets around the world in order to avoid price differences and market distortions. Due to the complexity of the tax, there has not yet been any agreement at the EU level.
- **Packaged Retail Investment Products (PRIPs):** The idea of this European Directive is to reduce the complexity and to address the inconsistencies and gaps in the current regulation on packaged retail investment products. We seek to support these discussions by providing legislators with evidence of the effects caused by differing forms of the legislation. For example, long-term retirement products are subject to differing rules around returns, such as guaranteed rates of return. Different products are not directly comparable. Our engagement therefore has covered the scope of the intended European Directive.

#### Allianz Forum

In 2012, the Allianz Forum in Berlin hosted some 50 events on a broad variety of topics with a total of more than 6,000 people attending. Often organized in cooperation with other institutions, the issues covered ranged from insurance-related subjects such as life insurance and Solvency II, and social issues such as demographic change, to regional topics such as transatlantic dialogue and Asia.

#### Dialogues at national and international level

Major activities in the area of government relations and public policy in 2012:

- We organized a series of events in cooperation with the Centre of European Reforms that brought together former and current politicians, experts and company representatives. Issues covered included "Austerity to Growth," (June) "Can Russia Reform?" (July) and "Multi Speed Europe." (November) The events were organized to voice urgency regarding current needs in these areas and to stimulate debate.
- Together with Renault, we organized a 1.5-day event for the French-German Entrepreneurial Meeting, of which we were a founding member 21 years ago. This year's meeting covered energy policy and brought together DAX 30 and CAC 40 CEOs and former and current politicians and experts including Günther Öttinger, President François Hollande, Pascal Lamy and Joschka Fischer.

#### Donations to political parties

In 2012, we contributed equal amounts to political parties in Germany representing a variety of views within the political spectrum: the Green Party (Bündnis 90/Die Grünen), Christian Democrats (CDU), Christian Social Union (CSU), Liberals (FDP) and Social Democrats (SPD). The amount donated to each party was €30,000. The decrease from last year in the amount donated reflects the growing internationalization of our political engagements.

We believe that full transparency remains the prime responsibility in the relationship between business and politics. To deliver this level of transparency, we publish a [press release](#) outlining our political donations in Germany.

#### Compliance

Allianz's Compliance Management System aims to ensure compliance with internationally recognized laws, rules and regulations and to promote a culture of integrity in order to safeguard the company's reputation. In 2012, we continued with measures to further strengthen the effectiveness of compliance management.

#### Business units analyzed for corruption-related risks

We apply our general operational risk management approach to assess corruption and fraud risks. Additional assessments and onsite reviews are combined with our new Compliance Quality Assurance Program (see below).

### Employee training in anti-corruption policies

The implementation and maintenance of the Allianz Anti-Corruption Program, which is compulsory for all employees, continued in 2012. The aim of the Program is to inform employees about Allianz's main anti-corruption and anti-fraud rules, the essentials of our Anti-Corruption and Gifts and Entertainment Policies, and our Anti-Fraud principles. Employee training sessions were held worldwide in classrooms and online in more than 20 languages.

### Compliance Quality Assurance

A Group-wide Compliance Quality Assurance Program was rolled out in 2012, which verifies the implementation and effectiveness of the Allianz Compliance Management System across the Group, including the Anti-Corruption Program. The Assurance Program monitors performance through self-assessments and onsite reviews.

### Trust and transparency

Allianz is recognized as being one of the world's most transparent multinational companies. In the 2012 Transparency International Corporate Reporting ranking, we came 10th out of the 105 largest publicly-listed companies. This ranking is based on Transparency International's assessment of companies' level of transparency in disclosing the measures in place to fight corruption. It also analyses to what extent earnings and taxes in specific countries are reported.

The research explored three dimensions of transparency:

- Public reporting on anti-corruption programs covering bribery, facilitation payments, whistleblower protection and political contributions
- Organizational transparency, including information on corporate holdings
- Country-by-country reporting

Following the assessment, Transparency International highlighted our Anti-Corruption Program and organizational transparency as particular points of note. We were able to show how we are delivering on our promises and that our management and employees are working hard to prevent non-compliance.

Independent ratings, such as these, serve as yardsticks in helping us achieve our objective of being seen as a trusted financial services provider and attracting the right talent and investor base. Trust is a key basis for our business and can only be established if we are transparent. The recognition from Transparency International is highly motivating and encourages us to improve further.

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### Publisher & Project responsibility

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