

We take our responsibility for good management and control very seriously. To meet our goal of sustainable, transparent and efficient corporate governance, we continually incorporate current developments into the improvement process. This applies to the work of the Board of Management and the Supervisory Board as well as to questions of financial reporting and disclosure.

The requirements of good corporate management and control continued to be one of our foremost concerns in 2003. We want to make our decision-making and control structures highly transparent and efficient. In this pursuit, the Board of Management and the Supervisory Board cooperate closely and in a climate of mutual trust. We always disclose information relevant to our company in a timely manner, and we regularly report on our corporate structure, business developments and financial situation. The consolidated financial statements, as well as our quarterly reports, are established in accordance with international accounting standards. We offer our shareholders the possibility of following our Annual General Meeting on the Internet and to exercise their voting rights by proxy instruction.

In the past twelve months, corporate governance continued to be the subject of intense public debate. Increasingly, the debate has focused on individual details, particularly the question of remuneration for the members of corporate organs. At times, this gave rise to the impression that good corporate governance hinged on only this criteria. But Allianz is convinced that responsible management and control require a comprehensive approach that must take into account a multitude of aspects.

The central elements of our understanding of corporate governance are explained in this Annual Report. On pages 14 to 16 we comply with the demand for a transparent presentation of the remuneration for the Board of Management and the Supervisory Board by presenting a detailed remuneration report.

### German Corporate Governance Code and Declaration of Compliance

On May 21, 2003, the German Corporate Governance Code was enhanced by a decision of the competent commission of the German Government. An essential part of the revision deals with the remuneration of the Board of Management. In section 4.2 of the Code, the following recommendations were added:

- individualized reporting of the remuneration for the Board of Management,
- an upper limit for stock options,
- publication of the value of stock options,
- publication of the system of remuneration on the Internet and
- information to the Annual General Meeting concerning the basic structure of the system of remuneration.

The Code now also recommends individualized reporting for the remuneration of the Supervisory Board. The new version of the Code was applicable for the first time to the annual Declaration of Compliance in accordance with § 161 of the German Stock Corporation Law (AktG). The Board of Management and the Supervisory Board decided to follow the recommendation of the German Corporate Governance Code in its version of May 21, 2003, with two exceptions. These concern the individualized reporting of remuneration for members of the Board of Management and the Supervisory Board. We are of the opinion that reporting remuneration on an individual basis would not provide any more information relevant to the capital markets than a detailed collective reporting. In addition, past experience indicates that individual reporting tends to level out individual board members' remuneration, which is not in the interests of the company and the shareholders. We declared that Allianz AG has, in the past, met all recommendations of the previous version of the Code. For this reason, reservations to the effect that the maximum number of group-external mandates had been exceeded are irrelevant.