

A photograph of a man and a woman working in a vegetable garden. The man, on the left, is wearing a red and white plaid shirt and tan pants, smiling broadly. The woman, on the right, is wearing a blue and white patterned dress and a matching headwrap, also smiling. They are both holding a large woven basket filled with green leafy vegetables, likely lettuce. In the foreground, there are rows of young plants growing in dark soil, with a black irrigation hose running across the ground. The background shows a fence and some buildings under a clear sky.

# RESPONDING TO TOMORROW'S CHALLENGES

ALLIANZ GROUP  
SUSTAINABILITY REPORT 2017

Allianz 

# WELCOME

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### OUR APPROACH TO SUSTAINABILITY REPORTING

The need for greater transparency among business has come to the fore as society's expectations continue to grow. It is especially important for the financial services sector, which has a huge responsibility – and opportunity – to support societal priorities such as the United Nations (UN) Sustainable Development Goals (SDG). To maximize our positive impact, it is vital we communicate how we are contributing and where we can do more.

Our sustainability reporting has come to fulfill a multitude of purposes and requirements, making it an important but challenging opportunity. The EU Directive on disclosure of non-financial and diversity information by certain large undertakings and groups (2014/95/EU) has introduced new rules for the disclosure of non-financial information from the 2017 fiscal year onwards.

To meet these legal requirements, we have published a [combined separate non-financial report](#) alongside our 2017 [annual report](#).

With our sustainability reporting, we aim to meet best practice standards and guidance as set out by global initiatives such as the Global Reporting Initiative (GRI) and UN Global Compact (UNG). On top of these, sustainability benchmarks and ratings such as the Dow Jones Sustainability Index (DJSI) and CDP enable us to compare our progress and drive up our performance while meeting the needs and expectations of diverse stakeholders.

Equally important is our need to reach out to and engage with a broad global audience about the way we do business – from our employees and investors to customers and non-governmental organizations (NGOs). Our reporting needs to be open and transparent about the issues that matter to them, and presented in a way they can understand. As a result we strive to find the middle

ground; meeting the requirements of industry initiatives while engaging with diverse audiences around the world with our report.

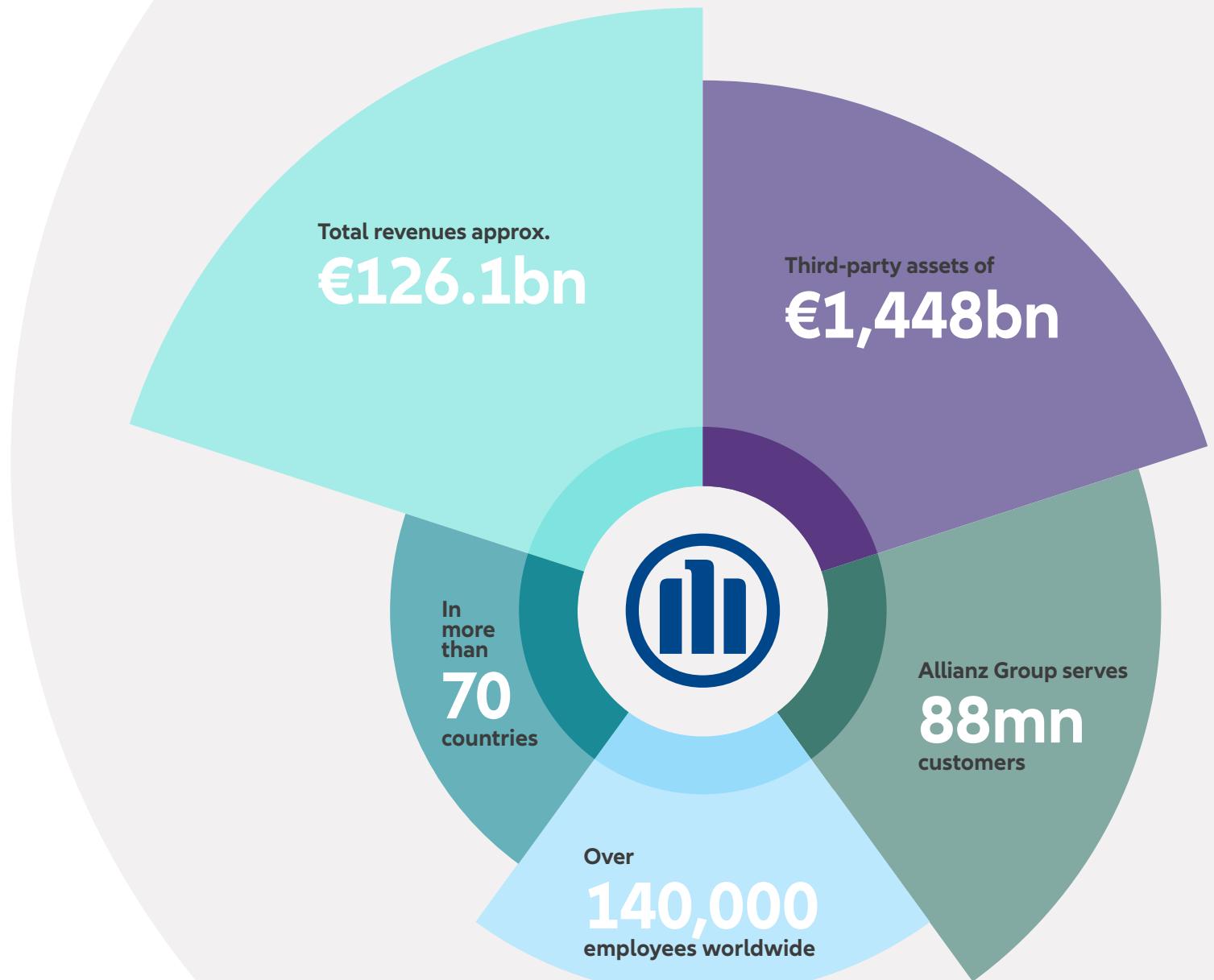
In the end, we want to make Allianz as transparent as possible and that means continuously improving our sustainability reporting. To help us achieve it, we welcome your feedback on this report which you can provide by emailing us at [sustainability@allianz.com](mailto:sustainability@allianz.com).

*We hope you enjoy reading our Sustainability Report 2017.*

# ALLIANZ GROUP AT A GLANCE

With over 88 million customers worldwide, Allianz has grown to be one of the world's largest insurers, investors and assistance providers.

This enables us to protect our customers locally and to offer an increasingly diverse global portfolio of products and services that meet both our customers' needs and the needs of wider society. We stand for trust and strive for profitable and sustainable growth that ensures everyone who belongs to our community benefits.



# SUSTAINABILITY PERFORMANCE HIGHLIGHTS



## SUSTAINABLE INSURER

- 583 insurance and investment transactions assessed for ESG risks.
- 58 million customers in the emerging consumers market.

- 1.21 billion Euro revenue generated through Sustainable Solutions.
- Allianz X invested 96.6 million U.S. Dollars in leading digital microinsurer BIMA.



See more on  
page 28



## RESPONSIBLE INVESTOR

- 1 billion Euro new debt and equity investments in renewable energy.
- Green bond investments of 2.5 billion Euro.

- Launch of systematic approach for engagement with investee companies on ESG grounds.



See more on  
page 34



## TRUSTED COMPANY

- 17% cut in CO<sub>2</sub> emissions per employee since 2010.
- 922 suppliers have signed our Vendor Code of Conduct.

- 65% of our outbound communication was digital.
- 60% of business segments measuring NPS performed significantly above market average or achieved loyalty leadership in their market.



See more on  
page 43



## ATTRACTIVE EMPLOYER

- DJSI global insurance leader in human capital development, scoring 100%.
- 37.6% of Allianz managers are women.

- 66% favorable votes in Work Well Index, our highest score to date.
- 72% highest ever score in the Inclusive Meritocracy Index (IMIX) – our key measure of cultural change.



See more on  
page 56



## COMMITTED CORPORATE CITIZEN

- 20 million Euro corporate giving.
- Expanded Encouraging Future Generations with the Allianz Social Innovation Fund and Allianz Future Generations Award.

- Second Allianz World Run raised 500,000 Euro for SOS Children's Villages.



See more on  
page 66

Total of  
**€5.6bn**  
debt and equity investments  
in renewable energy

**165**  
Sustainable Solutions

No. 1 insurance leader of the  
**DJSI**

# CEO'S PERSPECTIVE

Allianz became the highest-ranked insurer worldwide in the Dow Jones Sustainability Index in 2017.

This achievement doesn't just happen overnight. Many ambitious and dedicated colleagues have worked together over a number of years to achieve this goal. While there are still challenges to come, we have made great strides in recent years. We have further embedded environmental, social and governance (ESG) criteria into our proprietary portfolio (the money we manage on behalf of our insurance customers), by rolling out the ESG Scoring approach across our debt and equity investments. This allows us to make even better investment decisions that foster sustainable markets and societies, while meeting long-term interests. We have also grown closer to the community, having expanded our Corporate Citizenship Program and launching the Future Generations Award for helping underprivileged youth.

These steps forward have helped us to win the trust and recognition of our employees, customers and policymakers that enable us to be a leader of sustainable business standards in the financial community.



**"I am convinced that climate change and economic instability are amongst the biggest challenges for the coming decades. We have no time to waste."**

**Oliver Bäte**

Chairman of the Board of Management,  
Allianz SE

# CEO'S PERSPECTIVE

## THREE PILLARS THAT MAKE AN IMPACT

Large, responsible companies can, and do, have a measurable impact. We do this by focusing our Corporate Responsibility (CR) approach on three pillars: Low-Carbon Economy, ESG Business Integration and Social Inclusion. These pillars support the UN Sustainable Development Goals (SDGs), demonstrating our dedication to global sustainability.

What does that mean? We take action to protect the environment and embrace the Paris Climate Agreement. We divested €265 million from coal and applied ESG criteria to our €690 billion portfolio. We also invested €5.6 billion into renewable energy.

We want to keep supporting children and youth through our Encouraging Future Generations Program, too. So far, we have distributed €250,000 through the Social Innovation Fund to five of our operating entities. The SOS Children's Villages have been heartily supported by our employees via the 2017 Allianz World Run – with tailor-made emergency preparedness packs amounting to a total value of €500,000.

We will not stop there, either. Our finger is on the pulse of sustainability market standards to identify potential challenges, listen to stakeholder expectations, and stay ahead of trends. We constantly monitor customer needs, regulatory developments and scientific advances to be involved in all important developments in this field.

## THE NEED TO INNOVATE TO FIND SUITABLE SOLUTIONS

The how is just as important as the what. We need to continuously innovate: market-based solutions are one way in which we can go further in promoting economic growth and social innovation. Just like governmental or donation-based programs, they can help lift people out of poverty. In particular, many regions in Asia and Africa need such solutions to tackle climate change risks, healthcare and other issues that directly affect people's standard of living.

Our latest investment in leading microinsurance platform BIMA is one example of this. With just a few clicks on their mobile phones, 24 million citizens now have access to affordable insurance and healthcare. Our investment will allow the company to deliver against their ambition to reach one billion customers. Digital technologies enable faster, simpler solutions that strengthen local communities.

## MY PERSONAL MOTIVATION FOR ENGAGING IN SUSTAINABILITY

Climate change and economic instability are amongst the biggest challenges we will face in the coming decades. We have no time to waste. It's not a question of getting the wheels turning, but rather how fast we can drive the change. We will listen to our stakeholders' concerns and continue to go forward. When we meet our stakeholders' expectations, we are also meeting those of our own: to work together to reach a more sustainable future.

*Sincerely yours –  
Oliver Säle*

Chairman of the Board of Management,  
Allianz SE

**72%**

score on the Inclusive Meritocracy Index

**66%**

score on the Work Well Index

**60%**

of business segments measuring NPS either performed significantly above market average or achieved loyalty market leadership

**No. 1**

In 2017, Allianz Group took the leading position in the DJSI among all rated insurance companies, scoring 87 out of 100 points

OUR CONTRIBUTION TO

# THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



**THE GLOBAL GOALS**  
For Sustainable Development



# PEOPLE, PLANET AND PROSPERITY: EMBEDDING THE SDGS ACROSS OUR GLOBAL BUSINESS



Since their launch, the commitments and targets that comprise the UN Sustainable Development Goals (SDGs) have come to represent a global call to action. Stakeholders in all countries to address some of the greatest barriers to sustainable development facing society. As the role business must play in helping to achieve the SDGs has become clearer, the goals have developed into an increasingly important tool for making the impacts of companies on society more transparent. However, we still see room for improvement. Companies are learning and developing their approaches as they work to translate the goals – which were originally intended to support countries' sustainable development – into tangible business activities. In order to develop such approaches, we would like to see all stakeholders – from both the private and public sector – coming together to develop comprehensive strategies for the SDGs.

As we progress on our journey, last year we carried out our first strategic exercise to map Allianz's key activities and targets to the SDGs. This gave us an initial overview of the goals we broadly contribute to. You can find the results on page 11 of our 2016 report.

In 2017, we took a step further when we analyzed, in more detail, the SDGs to which we contribute the most. We used the recently published "Business Reporting on the SDGs: An Analysis of the Goals and Targets", which aims to provide the first step towards uniform and comparable reporting by businesses on their contribution to and impact on the SDGs. We collected input from our businesses and experts to map strategic projects, targets, policies, and disclosures against the business indicators of the SDGs. It was a challenging exercise which took several iterations – mainly as the SDGs are so interrelated and dependent on each other, making prioritization difficult if not, at times, impossible! The outcome of our intense discussions and deliberations enabled us to identify the four SDGs to which we believe Allianz makes a particularly significant contribution. On the following pages, we describe the projects and activities that best illustrate the ways we contribute to these SDGs.

Going forward, if using the SDGs to support global sustainable development becomes the goal for all actors, it could provide the first globally-consistent framework for all to deliver positive change. We are also considering how we can better align our CR strategy with the SDGs

and further integrate the global goals and targets into our future strategic approach. We see this year's mapping as a next logical step as we look to elaborate further on how we can contribute even more by positioning the SDGs as a driver for the future.

While we discuss four priority SDGs, our actual contribution is much wider. We have tried to capture this by highlighting the links with the SDGs throughout all the chapters of our report.

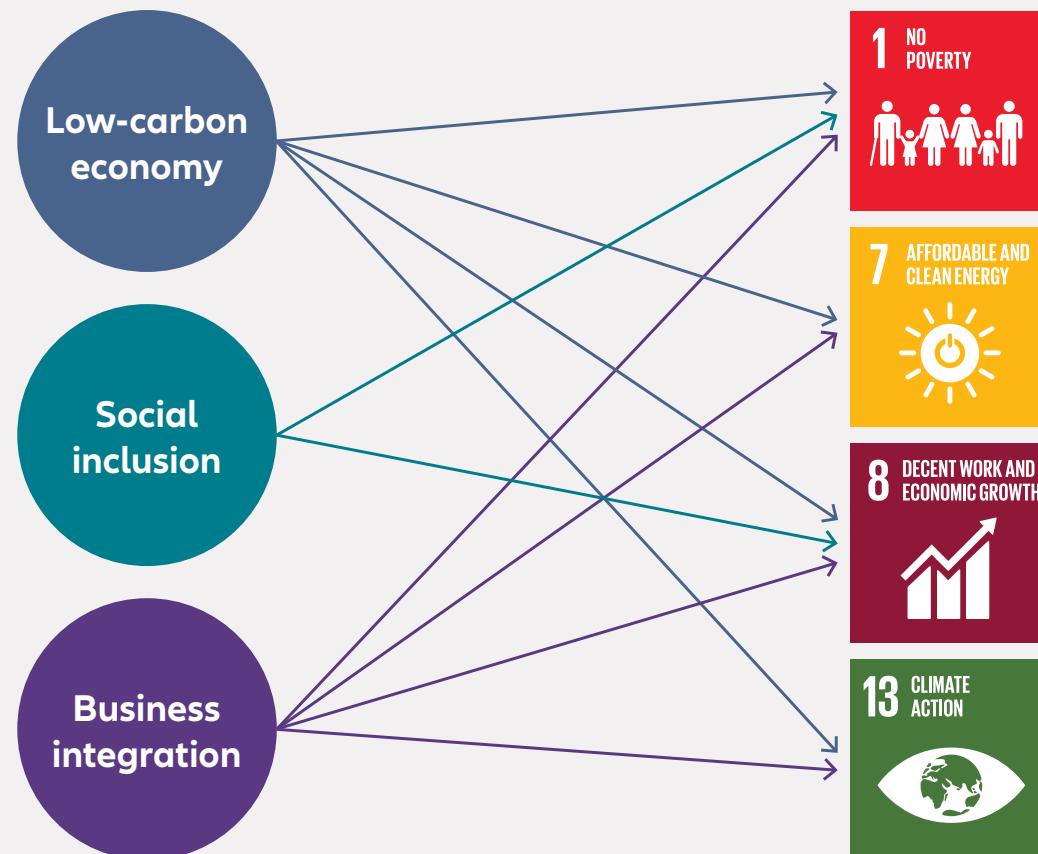


**Katharina Latif**

Head of Corporate Responsibility,  
Allianz SE

# HOW OUR STRATEGY ALIGNS WITH THE SDGs

The global SDGs are a universal call to action to end poverty, protect the planet and improve global political and economic stability. Through 17 bold commitments and 169 targets, the goals seek to drive global action across social, environmental and economic development issues up until 2030. Each goal is interlinked and they influence each other in complex ways. Through a detailed analysis, we have identified the four SDGs to which we currently contribute, and impact on, the most.

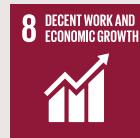


**"Given the nature and size of our business, we have the opportunity to impact many of the targets set by the SDGs. However, one of the complexities of the SDGs is their interconnectedness. You cannot single out one or two goals to which you solely contribute. In addition, our business activities and relationships are interconnected as well, which makes impact measurement challenging, be it positive or negative."**



**Sabia Schwarzer**  
Head of Group Communications  
and Corporate Responsibility,  
Allianz SE

# HOW WE CONTRIBUTE



Allianz is one of the strongest financial communities in the world. We provide employment for over 140,000 people. Some 88 million customers in more than 70 markets rely on our insurance products and funds for their financial wellbeing. In 2017, we paid income taxes of more than 2.9 billion Euro, thereby enabling public spending in education, housing, medical care, and other vital services.

By the very nature of what we do – protecting people and businesses against risks – we contribute to our customers' long-term financial wellbeing and stabilize local economies. Insurance is one of the key ways by which we limit the impacts of climate risks and compensate for climate-related damages. The higher the level of insurance coverage a country has, the more resilient it is to extreme natural events. Furthermore, following an extreme weather event such as a flood or hurricane, insurance payments are often a fast and reliable solution to help victims recover quickly, preventing them from falling into, or deeper into, poverty.

**140,000+**  
people are employed by Allianz worldwide

**88mn**  
Allianz customers in over 70 markets

We are focused on supporting low-income customers in Asia, Africa and South America to close the gap for people who need access to low cost financial services. Digitalization is enabling more and more people to access insurance as we embrace the opportunities through our Digital by Default strategy, implemented with our Renewal Agenda 2015.

But it's not just through our core business that we contribute to sustainable economic growth; we are also focused on breaking down barriers to social inclusion for a better, more productive future. That is why, in 2016, we made social inclusion one of the three priorities of our Corporate Responsibility Strategy (see page 19).

On the following pages, we highlight just a few of the ways Allianz contributes to the four SDGs on which we have the greatest impact.



# OUR FOCUS SDGs



8 DECENT WORK AND  
ECONOMIC GROWTH



## SDG 8

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

As one of the world's largest financial services providers, enabling sustainable economic growth is fundamental to our core business and it provides a basis for our entire contribution to delivering the SDGs. We see this as the SDG to which we contribute most, due to the nature of our role in society.

### KEY TARGETS:

- 8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.
- 8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- 8.6** By 2020, substantially reduce the proportion of youth not in employment, education or training.

In this chapter, we highlight just some of the projects that contribute to SDG 8. To see more of our contribution to this SDG, please refer to the following pages:

Integrating ESG into investments and insurance:  
page 20.

Sustainable and Responsible Investments:  
page 36.

Protecting human rights and eliminating modern slavery in our supply chain: page 55.

Promoting access to financial solutions for emerging consumers: page 32.

Fostering a working environment that includes Inclusive Meritocracy: page 59.

Protecting employee rights and providing equal opportunities: page 63.

Supporting workplace health and wellbeing through Work Well: page 65.

Managing our environmental impacts to decouple economic growth from environmental degradation: page 53.

# OUR FOCUS SDGs



## SDG 1

End poverty in all its forms everywhere.

### Key targets:

- 1.1** By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 per day.
- 1.2** By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.
- 1.5** By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.

SDG 1 aims to increase access to social protection, basic services and support for people harmed by climate-related and other economic, social and environmental shocks and disasters. Increasing universal access to financial services, including microinsurance, saving and equity is key to eradicating poverty – especially among emerging consumers in low-income countries.



## SDG 7

Ensure access to affordable, reliable, sustainable and modern energy for all.

### Key targets:

- 7.1** By 2030, ensure universal access to affordable, reliable and modern energy services.
- 7.2** By 2030, increase substantially the share of renewable energy in the global energy mix.
- 7.3** In 2030, double the global rate of improvement in energy efficiency.

Energy is a fundamental ingredient for delivering almost all of the SDGs, but it is also a major contributor to climate change. The focus must be on increasing the share of sustainable energy and driving improvements in energy efficiency.



## SDG 13

Take urgent action to combat climate change and its impacts.

### Key targets:

- 13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- 13.2** Integrate climate change measures into national policies, strategies and planning.
- 13.3** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Climate change poses a major risk to the livelihoods of millions of people worldwide, and acute weather-related risks seen in 2017 include hurricanes, droughts, floods and wild fires. We anticipate the risks of climate change as an investor, and we protect and care for our customers through our insurance products, while using our assets and insurance expertise to enable the transition to a low-carbon economy.

# OUR CONTRIBUTION TO THE SDGs



KEY TARGETS:

**1.5**    **13.1**  
**13.3**

## PROTECTING THE MOST VULNERABLE

We actively support the InsuResilience initiative of the G7, which aims to provide climate risk insurance to additional 400 million vulnerable people by 2020. As a responsible corporate citizen, we are involved in several initiatives to share our expertise and help manage climate risks. For example, we are working with our

peers through the Insurance Development Forum to pilot insurance approaches that allow governments in countries vulnerable to climate change to provide better shelter to their population. We are also participating in the Munich Climate Insurance Initiative to make more microinsurance solutions market-ready for Caribbean countries. Furthermore, through our partnership with the German Corporation for International Cooperation (GIZ), we are setting up a program that aims to reduce flood risk for municipalities in Ghana and for small and medium enterprises in Morocco.

(+) Find out more  
on page 33



KEY TARGETS:

**1.1**    **1.2**  
**1.3**

## INCREASING ACCESS TO FINANCIAL SERVICES IN LOW-INCOME COUNTRIES

We have more than 58 million customers in emerging markets, but many customers in these countries are still severely underinsured, as well as underserved in other areas such as savings, investments and health services. Since traditional financial services infrastructure is not established in many markets, digitalization offers a major opportunity for our emerging

consumer segment. To make the most of the opportunities, we partner with digital businesses to distribute and expand our reach, for example through mobile phone-based insurance solutions. In 2017, Allianz became the largest strategic shareholder of BIMA, the leading digital microinsurer whose award-winning tech platform provides low-income families with access to innovative insurance products in 14 emerging markets worldwide.

(+) Find out more  
on page 32

**14**

emerging markets now have access to insurance products thanks to BIMA

# OUR CONTRIBUTION TO THE SDGs



KEY TARGETS:

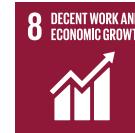
1.5    13.1  
13.3

## IMPROVING FOOD SECURITY RESILIENCE

To provide for the growing population, global food production will have to double in the next fifty years. However, the impacts of climate change on agriculture are far-reaching and complex. In some places, warmer temperatures and growing seasons may be a benefit. In others, the increasing risks of drought and extreme weather will have devastating consequences. We are building on

our experience as a microinsurer and reinsurer in agriculture to bring climate risk insurance mechanisms to vulnerable regions. Our solutions compensate farmers for lost proceeds from crops or livestock, and recover financial losses caused by natural hazards, enabling them to respond quickly and build resilience to climate change impacts. For example, we are working on a new crop insurance approach that uses remote sensing technologies.

Find out more  
page 33



KEY TARGETS:

8.6    11

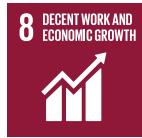
## ENCOURAGING FUTURE GENERATIONS

Social inclusion is one of the most important challenges society is facing. To amplify our contribution, we launched Encouraging Future Generations – our social inclusion approach that targets better opportunities for young people worldwide. Our Social Innovation Fund provides incentives for operating entities to enhance their reach to youth, while the Allianz

Future Generations Award aims to empower entrepreneurs who want their businesses to deliver a societal impact on future generations, by giving them a chance to learn about developing and attracting investment. In addition, our global partnership with SOS Children's Villages is focused on supporting young people to build resilient future generations. We also support a range of other initiatives, including My Finance Coach, a non-profit initiative that aims to improve financial literacy among 10 to 16 year-olds.

Find out more  
on page 68

# OUR CONTRIBUTION TO THE SDGs



## INVESTING IN THE LOW-CARBON ECONOMY

We are committed to supporting the transition to the low-carbon economy by using our leverage as one of the world's largest institutional investors. We focus the climate-related investments of our proprietary assets on energy-efficient real estate, renewable energy projects, funds and green bonds, reducing climate emissions and creating sustainable economic growth. Additionally, Allianz offers several renewable energy funds for institutional investors who want to invest in low-carbon infrastructure.

We also invest in low-carbon projects and initiatives which generate certificates that we use to offset our carbon footprint. One of our continued investments is in Rimba Raya. We began investing in this REDD project in Borneo, Indonesia, in 2013, helping to prevent rainforest deforestation and avoiding CO<sub>2</sub>-release. Our investments in Kenya, the Democratic Republic of Congo and Indonesia not only help us to offset our carbon footprint, but also contribute to protecting biodiversity and support local communities.



# OUR CONTRIBUTION TO THE SDGs



## IMPROVING DISASTER RESILIENCE AND RESPONSE

Our global partnership with SOS Children's Villages International (SOS-CVI) includes turning facilities into safe disaster hubs for local communities in the event of a catastrophe through customized Emergency Preparedness (EPPREP) packages. In 2017, we launched and funded the global SOS Disaster Risk

Management Strategy. This operational global incident management system is designed to improve preparedness and response operations across SOS Children's Villages. Using satellite-based early warning and damage mapping services, data, early warnings, incident reports and emergency maps are linked to an online emergency management platform named Resilience360 (R360). This platform was originally developed by DHL, and SOS-CVI is the first global humanitarian organisation to implement it. R360 sets a milestone with regard to translating early warning into early action. It is now being rolled out to national and regional SOS-CVI offices.

(+) Find out more on page 69



## INSURING THE LOW-CARBON ECONOMY

As the low-carbon economy expands, the global energy system is changing rapidly, bringing with it complex challenges. Renewables are gaining a meaningful market share in many countries and building and operating renewable energy plants involves multiple stakeholders and poses different risks at the different stages.

Launched in 2017, the initiative SURE (Scaling Up Renewable Energy) aims to further solidify Allianz's position as the global "go-to" provider of insurance for renewable energy projects and infrastructure. It is designed to help bring our proven renewable energy insurance competences at group-level to fast developing growth markets – such as Turkey, Australia, and Africa – to support

their transition to the low-carbon economy. Group experts from Allianz Climate Solutions and Allianz Re work with local entities to develop best practice and increase local capacity. A dedicated underwriting framework, pricing tools, and a robust referral process have been created to support local business growth. In addition, a Renewable Energy Desk connects local entities with expert account managers at group-level.

In Turkey, new products already rolled out include a performance guarantee and comprehensive certification services for solar and wind projects over 20 megawatts.

In Africa, we are working with the GIZ and the German Federal Ministry for Economic Affairs and Energy to bring German renewable energy solutions to African markets. Roll-out has begun in Nigeria, Ghana, Kenya, and Morocco where we have dedicated local renewable energy champions in place to adapt standard products and services to meet local needs.

(+) Find out more on page 33

# MANAGING SUSTAINABILITY

**Number 1 insurer in the Dow Jones Sustainability Index**

**87/100**

Allianz scored 87 out of 100 points on the DJSI

The Dow Jones Sustainability Index (DJSI) ranks companies according to environmental, social and governance (ESG) criteria, assessing their strategy and performance.

In 2017, Allianz took the leading position of the insurance sector, scoring 87 out of 100 points.



**Oliver Bäte**

Chairman of the Board of Management,  
Allianz SE

**"We are extremely proud of this result. We started with the integration of ESG factors into our business early on and have continuously improved. We also set ambitious goals for the coming years and would like to contribute to the achievement of the Sustainable Development Goals."**

# OUR RENEWAL AGENDA

## OUR STRATEGY AND APPROACH

The Allianz Group seeks to position itself as one of the world's most trusted financial services provider and a global sustainability leader. That means creating sustainable economic value through a long-term approach to corporate governance, social responsibility and environmental stewardship.

We want our stakeholders to know that Allianz is a financially solid and trustworthy company that embraces sustainable business as good business, and whose heart beats for its customers and its employees. To achieve this, we are adapting our business strategy with the Renewal Agenda. It drives our company forward by setting out

what we want to achieve and how we will work together to deliver our goals across five key areas. Our Corporate Responsibility Strategy supports the business in delivering the company's goals in a way that positions us as one of the most responsible insurance and investment businesses in the world.

In 2017, we continued to develop and implement our strategic approach, building on the five pillars of our success – integrity, financial strength, technical competence, operational excellence and talent base.

## OUR RENEWAL AGENDA

### Five mutually reinforcing levers...

#### TRUE CUSTOMER CENTRICITY

Make superior customer experience the top priority for all our actions.

#### DIGITAL BY DEFAULT

Move from selected leading assets to become 'Digital by Default' everywhere.

#### TECHNICAL EXCELLENCE

Create superior margins, innovation, and growth through best talents and state-of-the-art skills.

#### GROWTH ENGINES

Systematically exploit new sources for profitable growth.

#### INCLUSIVE MERITOCRACY

Reinforce a culture where both people and performance matter.



## TARGETS

To deliver our Renewal Agenda, we have set clear targets for 2018:

Annual Earnings per Share (EPS) growth of

**5%**

on average from 2016 to 2018

Total Return on Equity (RoE<sup>1</sup>) of

**13%**

At least

**75%**

of our businesses to be rated by their customers as Loyalty Leader in terms of Net Promoter Score

Increase our Inclusive Meritocracy Index (IMIX) to

**72%**

**100%**

Share of newly launched digital products

<sup>1</sup> Excluding unrealized gains/losses on bonds, net of shadow accounting.

# OUR CORPORATE RESPONSIBILITY STRATEGY

**Our Corporate Responsibility Strategy ensures we manage our sustainability-related risks and opportunities. It drives performance across the sustainability issues that are most important to our business strategy and our stakeholders.**

**We are working to better align our Corporate Responsibility Strategy with our Renewal Agenda and on ensuring CR implementation throughout the group.**

## MATERIALITY

In 2016, we re-assessed our material issues and refocused our strategy (see page 7–9 of our Group Sustainability Report 2016). The perceived most important **megatrends and risks** that Allianz is able to address through its solutions and Corporate Responsibility Strategy are, in particular: **climate change** and **environmental issues**, such as natural catastrophes; **personal customer safety**, including data security risks; and **societal issues**, such as safety and human rights.

We organize our strategy around three focus areas, through which we respond to our material issues (the issues that are perceived as vital for business success and sustainability by our stakeholders – see across). These three focus areas shape what we deliver through the five key roles we play in society.



## OUR FOCUS AREAS

### Low-carbon economy

Using our roles as an Insurer and Investor to help manage the risks arising from climate change and to promote the low-carbon economy.

**Our Climate Change Strategy** lies at the heart of our business model that aims to protect people and businesses from risk.

(+) For more information  
see page 22

### Social inclusion

Using our roles as an Insurer, Employer and Committed Corporate Citizen to contribute to more inclusive societies.

**Encouraging Future Generations** is our new social inclusion program that is promoting inclusion of young people worldwide.

(+) For more information  
see page 68

### Business integration

Managing material ESG risks and seizing ESG opportunities, while embedding compliance, responsible sales, transparency as well as data protection and privacy across all areas of our business.

**Our global ESG Framework** ensures ESG integration in all our insurance business and investments of proprietary assets.

(+) For more information  
see page 21

# ESG APPROACH



We aim to lead our industry on integrating ESG into our insurance and investment businesses as part of our everyday decision-making. We have developed multiple instruments that allow us to integrate ESG concerns in our underwriting, investment and asset management activities. All our ESG integration activities are implemented through group-wide corporate rules on risk management, underwriting and investment.

In 2017, we ran a consultation with our local and global operating entities to better understand how we can continue to improve the ESG screening processes. As a result, the next generation of ESG guidelines enters into force in 2018.

## What is ESG

Environmental, social and governance (ESG) topics are extra-financial factors which can be influenced by, and can influence, our business activities. Examples of ESG risks include human rights violations, illegal logging activities or severe corruption allegations. ESG factors also present opportunities such as increased requirements for renewable energy due to the energy transition.

ESG risks can develop into legal risks, reputational risks, supply chain and business disruption risks, quality risks, operational risks, human rights risks, financial risks, and/or investment risks for Allianz, its customers and/or its invested companies. We therefore manage these risks diligently through various instruments.

## OUR INTEGRATION APPROACHES AND PROCESSES

For property and casualty underwriting (P&C) and unlisted investments we systematically integrate ESG through our ESG referral process and guidelines for sensitive business areas. Each transaction is screened at the local level to identify potential ESG concerns. When a risk is identified, the local entity refers the risk to the appropriate group-level ESG function, which assesses the ESG risk in more detail.

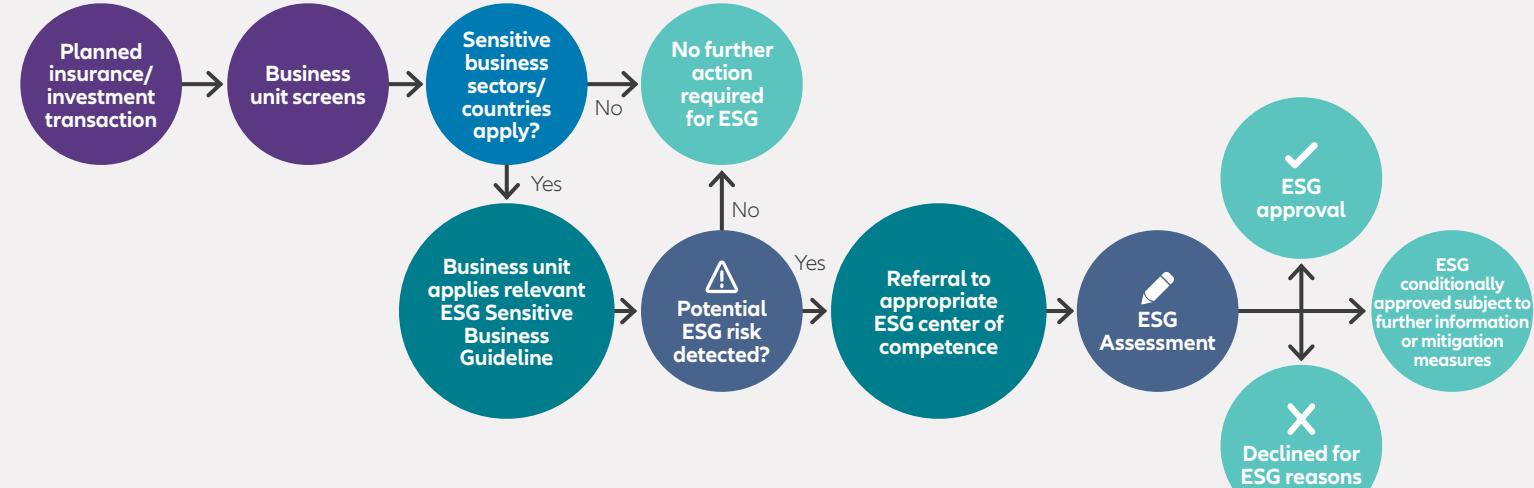
In 2017, our ESG functions conducted 583 ESG assessments based on the guidelines (2016: 508 assessments). In 44.9% of cases, the assessment led to a transaction being approved. 48.4% were approved following certain mitigation measures or conditions being put in place, and 6.7% were declined on ESG grounds or not pursued by the business (see details on page 84).

## ESG PROCESSES ACROSS ALLIANZ BUSINESS LINES

ESG Processes	Investment		
	Insurance	Listed	Non-Listed
ESG Referral Process	●		●
ESG Sensitive Business Guidelines	●		●
Sensitive Countries List	●		●
ESG Scoring Approach		●	
Engagement and Dialogue <sup>2</sup>	●	●	●
ESG Exclusion Policies	●	●	●
Asset Manager Mandating, Selection and Review	●		●

<sup>2</sup> Included investment engagement as an asset owner as well as insurance-based risk dialogues.

## OUR ESG REFERRAL PROCESS



# ESG APPROACH

## Allianz ESG Scoring approach

For ESG integration in listed assets, we rolled out the ESG Scoring approach across all proprietary portfolios in 2017. The approach enables us to better manage ESG risks and opportunities in our proprietary portfolio. It expands the coverage of our ESG framework and allows us to systematically integrate ESG across all our asset classes (see page 36).



In 2017, we developed a systematic approach to drive engagement with selected investee companies that have a low ESG performance. Through collaboration, we address material ESG risks and concerns, build understanding and ultimately drive change and ESG improvements.

Other tools we use to integrate ESG into our investment processes include: ESG investment exclusions; asset manager selection and monitoring with ESG criteria in mind; sustainability-themed investments such as renewable energy, green real estate, and green bonds; and regular dialogue and exchange with peers, regulators and internationally-recognized NGOs.

Additionally, our asset managers, Allianz Global Investors (AllianzGI) and the Pacific Investment Management Company (PIMCO), have continued to expand their ESG capabilities and product offerings for third-party clients throughout 2017. For additional details see our section on ESG in asset management on pages 36–38.

We published the second edition of the Allianz ESG Integration Framework, which further increases transparency around our internal processes and guidelines related to our ESG approach. The updated version provides additional details on the ESG scoring approach and our approach to capturing ESG opportunities.



Please find further information on the Allianz ESG Integration Framework [here](#).



# CLIMATE CHANGE STRATEGY

We are committed to taking a leading role in tackling the climate challenge. This means managing emissions from our operations, as a carbon-neutral company, and using our leverage as one of the world's largest institutional investors and insurers.

**Allianz Group has had a Climate Change Strategy in place since 2005.**

The strategy aims to encourage solutions for tomorrow's climate:

1. We anticipate the risks of a changing climate for our business.
2. We care for the climate-vulnerable.
3. We enable the low-carbon transition.

The identification and management of risks and opportunities resulting from climate change are part of our overall business strategy. Measures we take include developing and adjusting financial products and services, improving decision-making, policies and processes, setting targets, managing our operational climate footprint, and engaging with internal and external stakeholders.

Our strategy is regularly updated and will be aligned with the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

## PROMOTING CLIMATE CHANGE TRANSPARENCY: THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

We strongly believe that, for customers and investors to be able to make informed decisions, companies must report comprehensively on how they tackle dominant global long-term trends, such as climate change. We've advocated for greater transparency and reporting on climate change risks by companies for a number of years. As such, we strongly support the 2017 recommendations of the TCFD, which aim to provide guidelines for consistent disclosure of climate-related risks and opportunities by companies to give meaningful information to their stakeholders.

In June 2017, Oliver Bäte, along with other CEOs of leading companies, signed the Statement of Support for the TCFD Recommendations and called for an improved disclosure across sectors and regions. We report on climate-related risks and opportunities based on the TCFD-framework and our disclosure can be found on page 86–89.

We are encouraging other companies – within our sector and beyond – to step up and improve their disclosure. We do this, for example, through our memberships in the B-Team, the World Economic Forum Alliance of CEO Climate Leaders, the UNEP FI, and the Portfolio Decarbonization Coalition. Our other efforts include working with the European Bank for Reconstruction and Development to bring forward the strategic assessment and management of climate risks and opportunities.



# CORPORATE RESPONSIBILITY GOVERNANCE

**Strong corporate governance is pivotal to our sustainability approach and is one of our most important material issues.**

Established in 2012, the Group ESG Board is the highest governing body for sustainability-related issues. It consists of three Allianz SE Board members and several department heads. They meet quarterly and are responsible for ensuring ESG integration across all business lines and core processes dealing with insurance and investment decisions. Key topics of focus in 2017 included implementation of the recommendations of the TCFD (see pages 22 and 86–89) and development of a more systematic approach to investor engagement (see page 38).

The Group ESG Board also takes ownership of corporate responsibility and climate-related topics, and leads on associated stakeholder engagement. Functional departments provide regular updates on sustainability issues directly to the Group ESG Board.

## THE GROUP ESG BOARD CONSISTS OF:

**Dr. Axel Theis** Member of the Board of Management of Allianz SE since 2015 with responsibility for Global Insurance Lines and Anglo Markets; member of the Group ESG Board from 1 January 2015 to 31 December 2017; Chair of the ESG Board from 1 July 2016 until 31 December 2017.

### Dr. Günther Thallinger

Member of the Board of Management of Allianz SE since 1 January 2017 with responsibility for Investment Management; member of the Group ESG Board since 1 January 2017; Chair of the Group ESG Board as of 1 January 2018.

### Jacqueline Hunt

Member of the Board of Management of Allianz SE since July 2016, responsible for Asset Management and US Life Insurance; member of the Group ESG Board since 1 July 2016.

### Giulio Terzioli

Member of the Board of Management as of 1 January 2018, with responsibility for the Finance, Controlling and Risk Management functions; member of the Group ESG Board as of 1 January 2018.

Functional leads that are part of the Group ESG Board include representatives from: Head of Corporate Responsibility; Head of Communications; Head of Risk; Head of Compliance; CFO Allianz Investment Management SE; CEO AGCS<sup>3</sup> (as of January 2018), Head of Emerging Trends and ESG, AGCS; and Managing Director ACS<sup>4</sup> (until 31 December 2017).

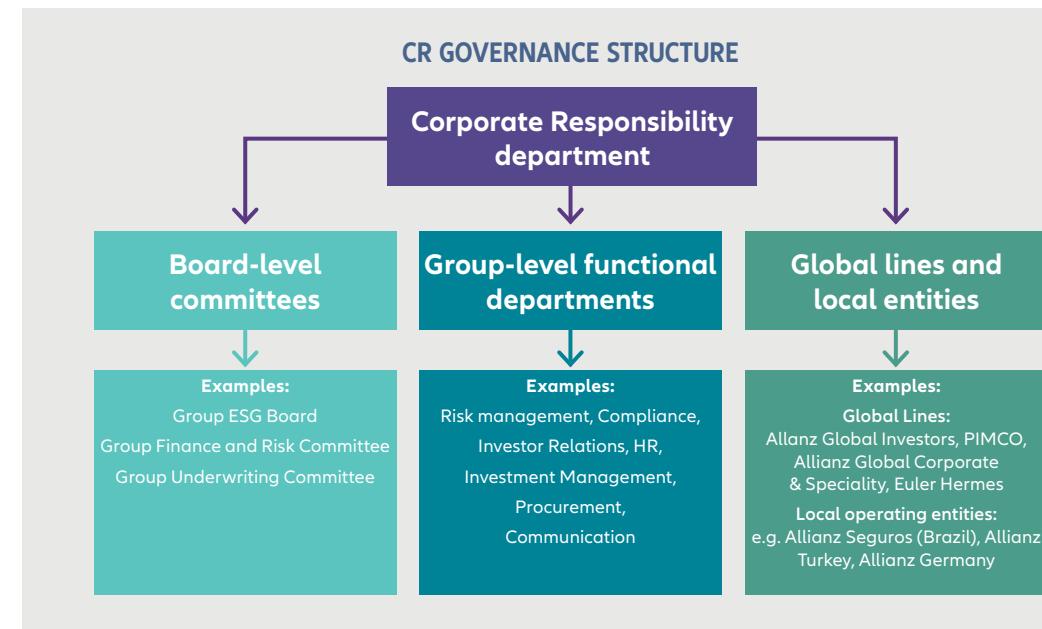
In addition to the Group ESG Board, several committees play an important role in our decision-making processes:

**Group Finance and Risk Committee:** oversees risk management and monitoring, including sustainability risk. The Committee is the escalation point for ESG-related topics, based on analysis and deliberations within the Group ESG Board.

**Group Underwriting Committee:** monitors the underwriting business and its risk management, as well as developing new underwriting policies and strategy.

<sup>3</sup> Allianz Global Corporate and Specialty.

<sup>4</sup> Allianz Climate Solutions.



## CORPORATE RESPONSIBILITY MANAGEMENT

The Corporate Responsibility department is responsible for the strategic framework that drives all group-wide sustainability activities. Its scope includes managing CR governance and fulfilling external reporting and rating requirements. The team also supports operating entities to effectively integrate the Group's strategic sustainability approach and policies into their business processes.

The Head of Group Communications and Corporate Responsibility, reports directly to the CEO of Allianz SE. This ensures a close alignment with the CEO's agenda.

Allianz Climate Solutions – our center of excellence for climate change, with a focus on renewable energy, and responsible for the implementation of the Allianz Climate Change Strategy – sits with Allianz Re alongside the Group Environment Office.

You can find out more about Allianz Climate Solutions [here](#).

# TRANSPARENT REPORTING

## REPORTING

Our Strategy shapes and increases our contribution towards delivering the SDGs (see page 9). It also reaffirms our commitments to the Principles of the UNGC, a voluntary initiative based on CEO commitments to implement 10 universal sustainability principles in the fields of human rights, labor standards, environmental protection and anti-corruption. We have been a participant in the UNGC since 2002 and it is included in our Code of Conduct.

We base our approach and reporting on voluntary international standards and guidelines such as the GRI G4 guidelines, sustainability indices, and engagement with expert working groups such as the United Nations Environment Programme Finance Initiative (UNEP FI).

Our annual UNGC communication on progress and the German Sustainability Code (GSC) reports can be found on our website, as well as on the UNGC and GSC websites.

In compliance with the 2017 German implementation of the EU Non-Financial Reporting Directive (2014/95/EU), we published a combined separate non-financial report alongside the Group Annual Report 2017. The combined separate non-financial report is being audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) and is to be approved by the Supervisory Board of Allianz SE.

 You can find our combined separate non-financial report [here](#).

## DATA AND ASSURANCE

To enhance the quality of our sustainability reporting and data, our full sustainability report has been assured to a limited assurance-level by PwC since reporting year 2016. This helps to formalize the way sustainability is embedded across core functions and business units. A sample of operating entities of Allianz SE are reviewed by PwC on a regular basis depending on their impact on the Group's sustainability activities.

 You can find the current assurance report [here](#).

## RATINGS AND BENCHMARKS

As we strive to be a sustainability leader in our sector, sustainability ratings and industry benchmarks provide an important opportunity to improve our performance and transparency. We also rely on these ratings to support long-term ESG integration across our proprietary investments and the responsible investment products offered to our asset management customers.

We take part in a wide range of external assessment and benchmarking initiatives, including:

### Dow Jones Sustainability Index (DJSI)

Allianz has been included in the DJSI since 2000. In 2017, Allianz Group took the leading position within the insurance sector, scoring 87 out of 100 points. We have been included in the DJSI with top ranking positions every year since 2000.

## Carbon Disclosure Project (CDP)

Allianz Group supports the CDP as a responding company and as an asset owner and asset manager. We were also a founding signatory of the CDP. Allianz has been listed in the Carbon Disclosure Leadership Index from 2011 to 2015. In 2017 we achieved a B rating.

## FTSE4Good Index

Included since 2001, Allianz is one of the longstanding members of the FTSE4Good Index series. In the 2017 assessment, we were ranked in the top 3% of our sector.

## MSCI Rating

In 2017, Allianz once again received AAA rating from MSCI ESG Research. We are one of the top performers in our sector.

## Oekom Corporate Rating

Allianz has once again received Prime status in 2017, which ranks us among the world's best companies in our industry.

**"Non-financial reporting has come to fulfill a multitude of purposes, making it a challenging opportunity. Auditing non-financial data and processes helps us to further embed sustainability across the organization."**



**Dr. Saskia Juretzek**

Senior Manager Sustainability,  
Allianz SE

# STAKEHOLDER ENGAGEMENT

## OVERVIEW

As the global economy continues to evolve, the challenges we face as a multinational business are diverse and complex. To respond effectively through our strategy, we need to understand global trends and how they will impact on us. We also need to understand stakeholder needs and concerns so that they can inform our products, services and approach.

To do this, we engage with a broad range of individuals and organizations. The insight they provide enables us to focus our Corporate Responsibility Strategy, activities and reporting on the right areas.

Besides our many commitments to international and national sustainability bodies and initiatives, our engagement activities focus on the four stakeholder groups who are most impacted by our business.

## MEMBERSHIPS AND PARTNERSHIPS

Our businesses are signatories to and members of a wide range of global sustainability initiatives and principles, which guide us to:

- incorporate best practice sustainable development principles into our activities, products, services and investments;
- work with and learn from our peers through open dialogue and knowledge sharing;
- collaborate to find solutions that address local and global challenges relevant to our industry and beyond; and
- improve transparency in our own operations and across the value chain.

For an excerpt of our memberships and partnerships, please refer to page 79.

## PARTNERSHIPS FOR CIVIC ENGAGEMENT

Our long-term partnerships are instrumental to delivering our sustainability agenda.

Our strategic partners include:

**SOS Children's Villages** (see page 69)

**Impact Hub** collaboration (see page 71)

**German Corporation for International Cooperation (GIZ)**

**International Paralympic Committee (IPC)**

## OUR KEY STAKEHOLDER GROUPS



### Investors

We engage with our investors to communicate our sustainability strategy and performance, enabling them to make informed decisions about their own investments and us to understand their expectations.

- Annual General Meeting
- Dialogues and roadshows
- Ratings and benchmarks
- Website, Sustainability Report, rating results e.g. DJSI



### Customers

Feedback from our customers helps us to improve our products, services and processes, and to offer easy and adaptable solutions.

- Customer surveys and dialogues
- Learning from and sharing customer insights
- Review of financial services sector developments
- Research and development to support product innovations
- Using the Net Promoter Score (NPS)
- Allianz Risk Barometer Survey



### Society

Given the pace and scale of global change, it is vital we work with other partners, governments and institutions to identify sustainable solutions and maximize our positive impact.

- Partnerships for civic engagement
- Thought leadership on global issues
- Panel discussions and roundtables
- Foundations, donations and volunteering
  - Press events, journalist surveys and roundtables
  - Formal dialogues with NGOs and ESG professionals



### Employees

We believe employees who are engaged with and committed to their jobs generate long-term value for our business. To this end, we continuously seek their views and respond to their ideas and concerns through:

- The Allianz Engagement Survey (AES)
- Employee dialogues and networks
- Corporate volunteering programs

# LOOKING AHEAD

"We integrate Environmental, Social, and Governance (ESG) principles throughout our investment and insurance business by holding business decisions up to the light and asking ourselves, 'Will this benefit society and our customers in the long term?'"



**Oliver Bäte**

Chairman of the Board of Management,  
Allianz SE



## We will further align the Renewal Agenda and our Corporate Responsibility Strategy.

We will continue to embed our Corporate Responsibility Strategy and focus areas across all our businesses and countries to support consistent integration and reporting.

We will further enhance data quality through external assurance and improved management approaches.

On 1 January 2018, the Group's Environment Office, as well as the experts for integrating climate change into the business, will become part of the Corporate Responsibility department.

# INSIDE ALLIANZ

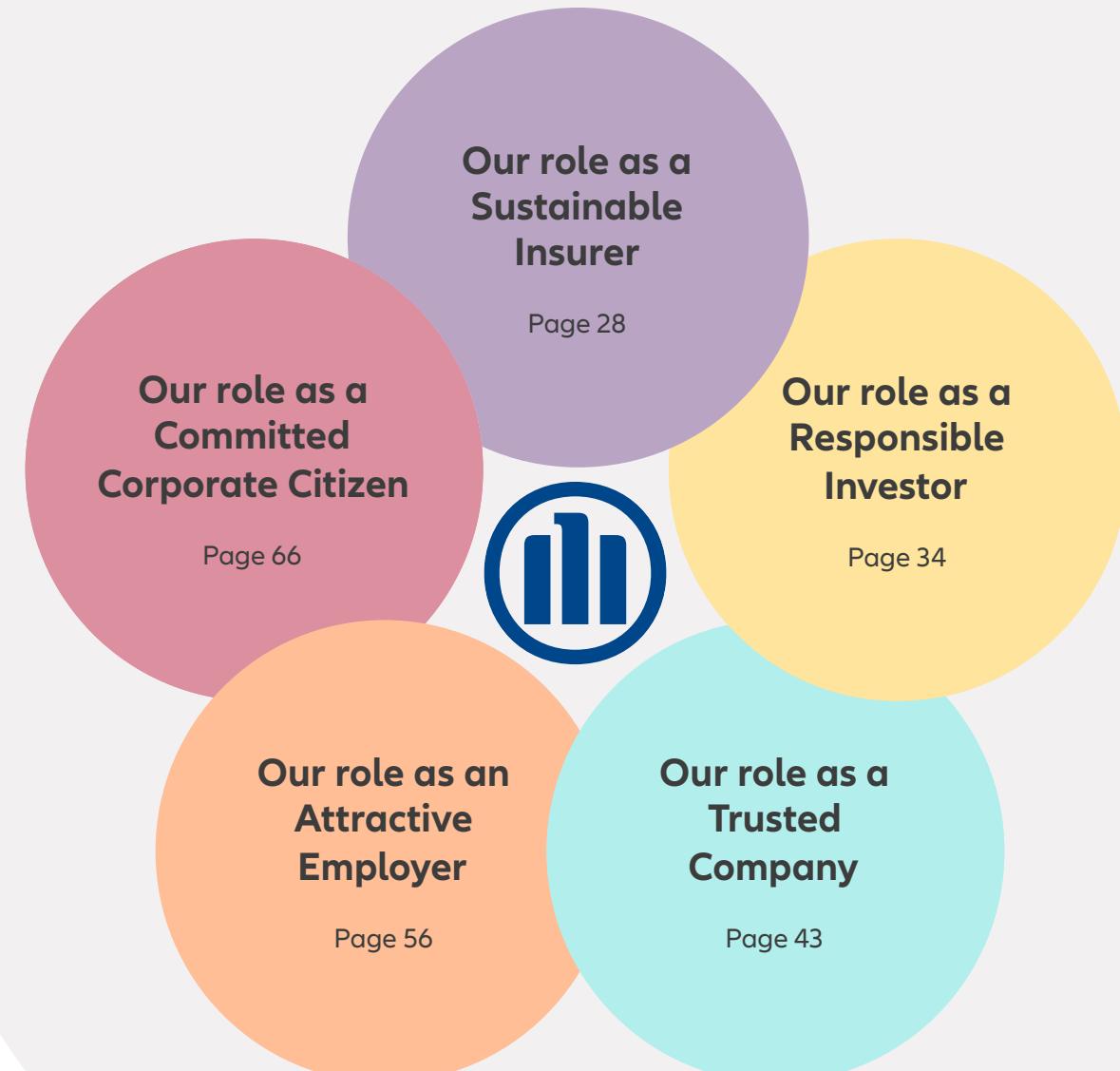
This section translates our work into five roles we play in society.

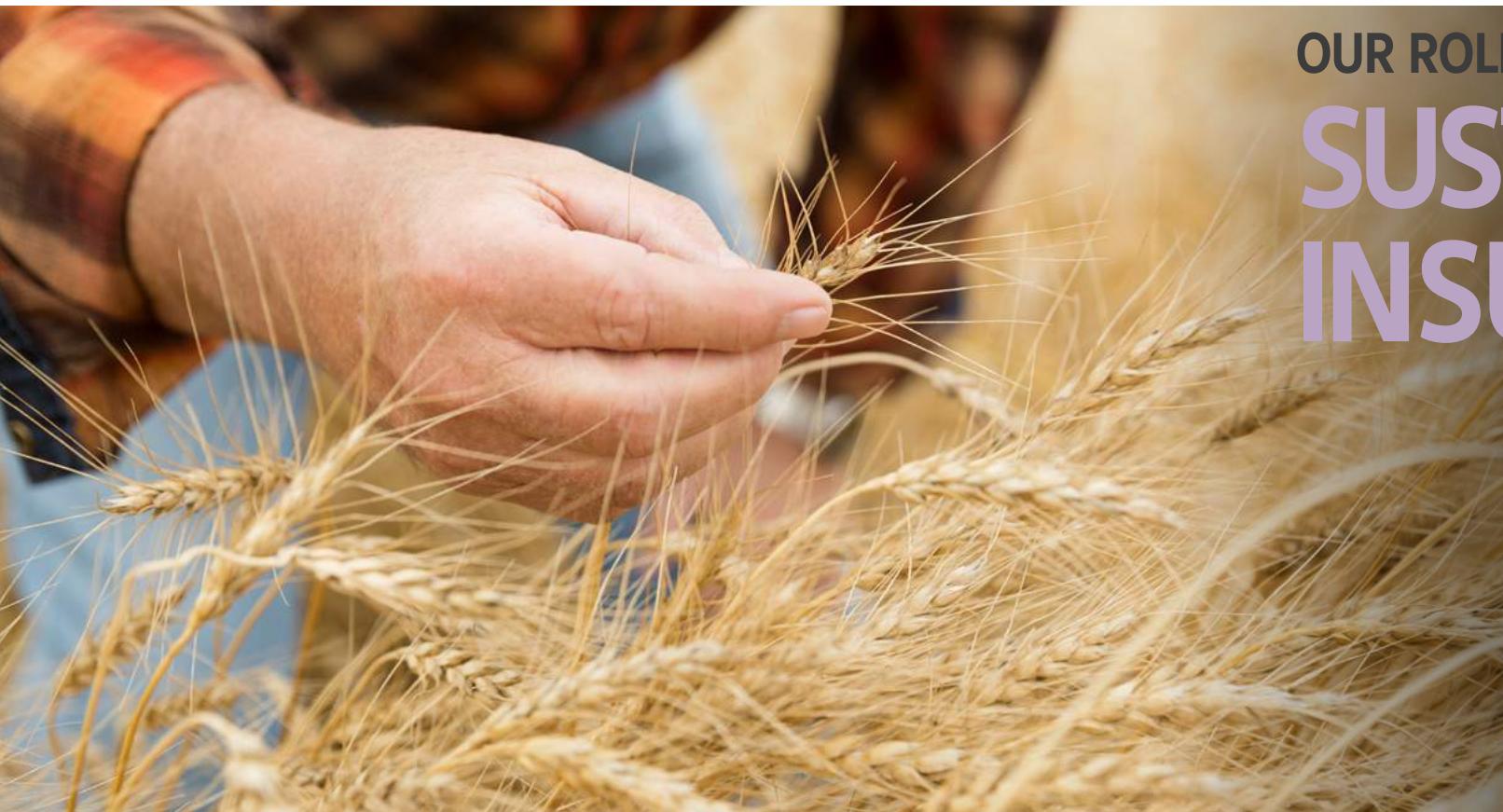
In order to be considered a **Responsible Investor**, we will continue to integrate ESG criteria across our investment decisions. As a **Sustainable Insurer**, we need to continue to provide solutions that support sustainable development and a low-carbon future.

Our role as an **Attractive Employer** is of very high relevance as we depend on having the best people in place, and keeping them motivated to serve our customers.

Data and privacy protection, improving customer satisfaction and reducing our environmental impact all play a major part in being a **Trusted Company**.

We act as a **Committed Corporate Citizen** to maximize our positive contribution and to create a more stable economy and resilient markets.





# OUR ROLE AS A SUSTAINABLE INSURER

"We need to drive ESG topics together with clients, brokers and peers across the insurance value chain in order to increase our leverage. Therefore, developing industry-wide ESG standards will be key for a common approach in the sector."

## HIGHLIGHTS:

- 583 insurance and investment transactions assessed for ESG risks.
- 1.21 billion Euro revenue generated through Sustainable Solutions.
- 58.7 million customers in the emerging consumers market.

## CHALLENGES:

- Engaging insurance brokers, clients and the wider value chain on the importance of ESG risk and disclosure in all countries.
- Promoting industry-wide collaboration to strengthen approaches to ESG integration.
- Obtaining quality, reliable information to inform our ESG screening and assessments process.
- Continuing to train underwriters and relevant employees in ESG screening processes.



**Michael Bruch**  
Head of ESG Business Services /  
Emerging Trends,  
Allianz Global Corporate and Speciality SE

# SUSTAINABLE INSURER: OUR APPROACH

By the very nature of what we do – protecting people and businesses against risk – we focus on our customers and take a long-term view of the world. Our expertise in risk management and underwriting means we are ideally positioned to help meet the challenges facing society and to offer innovative solutions for emerging issues.

While embedding ESG issues into our insurance business enables us to manage the risks, it also opens up new opportunities for solutions that support sustainable development and a low-carbon future.



For more detail on United Nations Sustainable Development Goals please visit [sustainabledevelopment.un.org](http://sustainabledevelopment.un.org)



## INTEGRATING ESG IN INSURANCE

As an insurer and risk expert, our exposure to ESG risk is mostly indirect through the risks we accept for our insurance clients. We have embedded a strong ESG risk management approach throughout our underwriting processes. The ESG referral process (see page 20) assists us in identifying and assessing ESG risks. These are integrated via the Allianz Group risk management policy framework that is applied to all our insurance business globally, whether we are acting as lead insurer or as part of a panel.



Our insurance underwriters identify ESG risks and escalate these for assessment by either the ESG Business Services team at Allianz Global Corporate and Specialty and/or the Group ESG Office at Allianz SE. These experts conduct in-depth assessments of ESG risks such as: human rights violations, unmitigated environmental impacts and forced resettlement. Based on the outcome of their assessment, we decide whether a transaction may proceed, proceed with conditions, or not proceed (see page 84).

One of the challenges we face is the need for quality and reliable information to inform our ESG assessments process. In some regions, there is greater transparency and understanding of ESG issues than in others, so this can be a bigger challenge in some locations. The level of ESG risk also tends to differ between regions and countries.

## COMMITMENT TO THE PRINCIPLES FOR SUSTAINABLE INSURANCE (PSI)

We believe the insurance industry can increase its positive impact by applying its skills in risk management to make the sector more sustainable. Allianz is a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI). We submit our Disclosure on Progress annually.

Allianz is actively co-leading the PSI initiative to develop an industry standard on ESG integration in insurance.<sup>5</sup> We are engaging with insurers, reinsurers, brokers, academics and regulators to identify the ESG risks that are most material to different insurance lines. Launched in October 2016 at the Allianz-PSI conference in Munich, this work will continue in 2018.

<sup>5</sup> <http://www.unepfi.org/psi/underwriting-esg-risks/>

# SUSTAINABLE INSURER: SUSTAINABLE SOLUTIONS

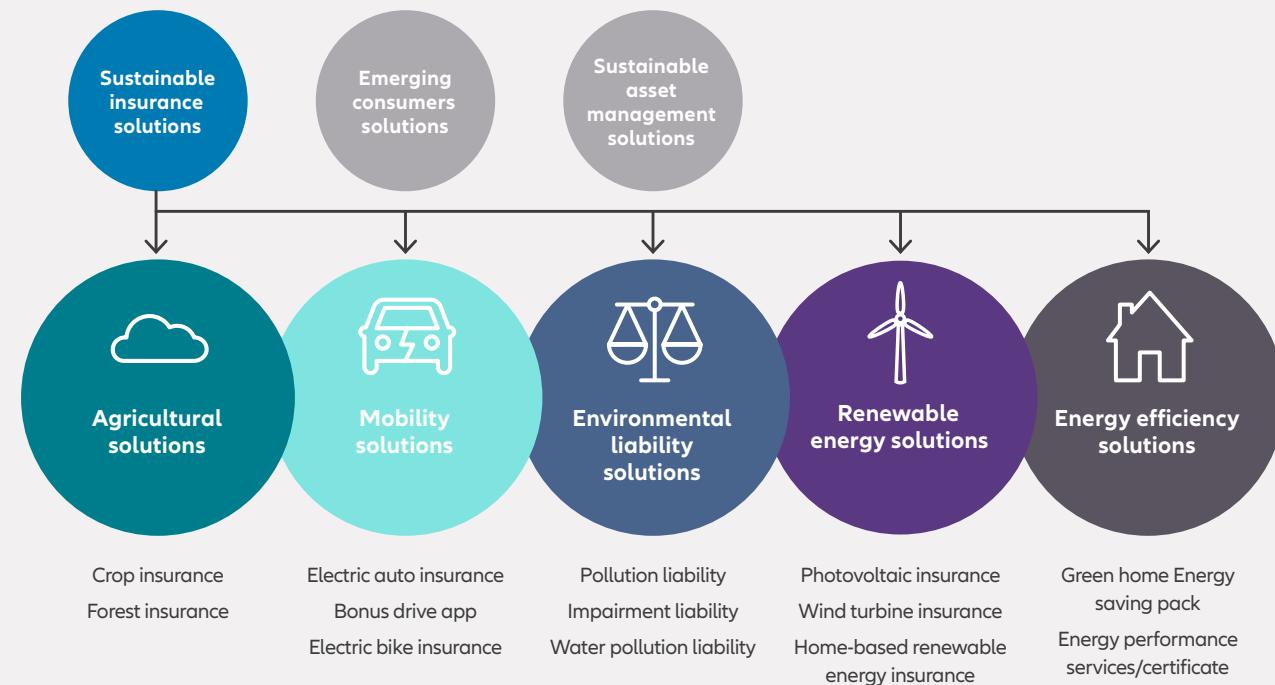
With the continued growth in consumer demand for responsible solutions; sustainable innovation represents a significant business opportunity for the insurance market. Our Sustainable Solutions program promotes and monitors the development of products and services that create social value by improving people's lives, or that have a positive environmental or climate-related impact.

We are a leader in the emerging consumers sector and have already reached over 58.7 million people living on low incomes in Asia, Africa and Latin America with affordable microinsurance, microsavings, and microequity solutions (see page 32).

Additionally, Allianz is a strong partner of the transition to a low-carbon economy and of our customers faced with climate risks. We provide insurance, risk management solutions, and advice to individuals, companies, and governments related to renewable energy projects and climate-related risks (see page 33).

## WHAT DO WE MEAN BY SUSTAINABLE SOLUTIONS?

Examples of Allianz products with an environmental or social added value.



## HOW WE IDENTIFY AND DEVELOP SUSTAINABLE SOLUTIONS

Our products must comply with a clear set of rules to be included as one of our sustainable solutions. Every year, local entities and global lines develop new insurance products and services for customers. We score these products to decide if they meet our sustainable solutions criteria.

Solutions must meet at least one of six criteria. Revenue figures are then collected and reported for all solutions that qualify – both new and existing ones – to show how we are progressing in growing our sustainable solutions portfolio.

# SUSTAINABLE INSURER: SUSTAINABLE SOLUTIONS

In 2017, we generated revenues totaling 1.21 billion Euro from 165 sustainable solutions (thereof 121 sustainable insurance solutions). In 2018, we will develop a methodology to measure the avoided emissions we enable through a selection of our sustainable insurance solutions.

Details about the sustainable solutions numbers, revenues and trends can be found in the data appendix on page 80.

## SUSTAINABLE SOLUTIONS EVALUATION CRITERIA

### Environmental criteria<sup>6</sup>

1. Supports development of sustainable technology and markets such as renewable energy, environmental goods and services, and/or green infrastructure.
2. Conserves natural resources or biodiversity or helps to mitigate against climate change (e.g. solutions that encourage or reward environmentally responsible behavior).
3. Protects against environmental risks and supports adaptation to climate change impacts (e.g. insurance or incentives to manage weather-related risks).

<sup>6</sup> Initial environment criteria developed in conjunction with WWF and KPMG in 2011.

<sup>7</sup> Socially disadvantaged groups are defined as populations that are excluded in their local society for reasons that may be tied to age, sex, disability, race, ethnicity, origin, religion or economic or other status.

## NEW SOLUTIONS IN 2017

### Supporting emerging consumers

To help low-income families manage their weather-related risks, Allianz Malaysia now offers an affordable insurance solution for customers with wooden homes to protect against flood, storm and fire damage.



### Social criteria

1. Facilitates activities to tackle social challenges and issues faced by socially disadvantaged groups<sup>7</sup> (e.g. insurance tailored to social value-adding products/services which would otherwise not be insured).
2. Specifically tailored solutions for socially disadvantaged groups e.g. products aimed at reducing the risk of underserved groups by providing otherwise unavailable access to finance.
3. Raises awareness to prevent and mitigate challenges faced by socially disadvantaged groups (e.g. products that include cause-related marketing or support schemes).

### Automotive solutions

To promote the transition to more climate-friendly mobility concepts, Allianz Turkey has introduced a discounted automobile insurance for 100% electric vehicles.



# SUSTAINABLE INSURER: SOLUTIONS FOR EMERGING CONSUMERS

**"Our investment in BIMA underscores Allianz's commitment to digitalization, supporting the growth strategy of the Group in emerging economies, as well as enabling us to serve the so-called 'next billion customers'."**



**Oliver Bäte,**  
Chairman of the Board of Management,  
Allianz SE

We pioneered our first ever microinsurance in 1926. Now, we focus our offer particularly on supporting low-income customers in Asia, Africa and South America. We are committed to expanding our emerging consumers business with the goal of closing the protection gap for more people and providing access to affordable financial services.

The emerging consumers market includes a potential 3.6 billion customers.<sup>8</sup> We see business expanding exponentially in this area, along with the global middle classes which are predicted to grow to around five billion by 2030. Much of this growth is expected to be in Africa.

## BEYOND 50 MILLION CUSTOMERS

In 2017, due to the challenging environment in some markets, revenues were at 256.5 million Euro – equivalent to around 4.37 Euro in annual revenue per customer for this market. We served 58.7 million customers. 99% of these revenues stemmed from microinsurance.



The great majority of customers hold only one insurance policy, mostly life insurance, showing that, as a group, these customers are still severely underinsured. We recognize they are also underserved in many other areas such as savings, investments and health services. In response, we have expanded our solutions beyond microinsurance and now offer edutainment plans, micro-savings and micro-equity options.

Because traditional financial services infrastructure is not established in many markets, our emerging consumer segment offers a major opportunity for digitalization. To make the most of the opportunities, we are partnering with digital businesses to distribute and expand our reach in these markets, for example through mobile phone-based insurance solutions.

⊕ Read the Emerging Consumers 2017 report [online](#).

<sup>8</sup> 2016 world bank figures. Total population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship. The values shown are midyear estimates.

## Supporting digitalization in emerging economies

In 2017, Allianz X, the digital investment unit of the Allianz Group, became the only strategic investor in BIMA, a start-up that helps people in developing economies buy affordable insurance through their mobile phones, when it invested 96.6 million U.S. Dollars. BIMA offers accident and life insurance for as little as 60¢ a month on rolling monthly cover and takes just three minutes to sign up for.

**"Allianz is the perfect insurance partner and investor for BIMA because of their strong commitment to emerging markets and overlapping footprint."**



**Gustaf Agartson**  
Founder and CEO,  
BIMA

The company has over 3,500 salespeople across the developing world and has signed up 24 million customers in Africa, Asia, and Latin America. The investment will allow BIMA to innovate, scale existing as well as new markets, and retain its place as the emerging market InsurTech leader.

# SUSTAINABLE INSURER: SOLUTIONS FOR TOMORROW'S CLIMATE

Climate change, mainly caused by human activity-induced global warming, poses a major risk to the livelihoods of millions of people worldwide. We anticipate the risks of climate change, work to protect and care for our customers, and enable the transition to a low-carbon economy. Through our Climate Change Strategy, we focus on developing and offering insurance solutions that help our customers respond to a changing climate and develop the low-carbon economy.

## INSURANCE FOR A CHANGING CLIMATE

We aim to insure climate-related risks for commercial and private customers, while incentivizing preventive measures to increase customers' resilience to a changing climate. We are also building on our experience as a leading microinsurer and reinsurer in agriculture to bring climate risk insurance mechanisms to vulnerable regions – including weather index insurance, yield loss and animal mortality covers.

We actively support the InsuResilience initiative of the G7, which aims to provide climate risk insurance to an additional 400 million vulnerable people in developing countries by 2020. We formed a three-year strategic alliance with the GIZ with the goal of "Closing the Protection Gap". We are researching the actual and future impacts of climate change, in order to provide the best possible risk advice for society and our customers. We develop prevention and resilience approaches to respond to the challenges that arise.

## INSURING THE LOW-CARBON ECONOMY

As the low-carbon economy expands, the global energy system is changing rapidly – bringing with it complex challenges. As renewables become cheaper, they are gaining a meaningful market share in many countries. Building and operating renewable energy plants involves multiple stakeholders and poses different risks at different stages for investors, construction companies, operators, and manufacturers. Critical infrastructure is also becoming smarter and more interconnected, increasing exposure to high-impact threats such as cyber threats, terrorist attacks, and extreme weather events.

Allianz is a major insurer of green energy projects globally. Our solutions cover all stages of the project lifecycle – from planning to decommissioning – we provide a variety of solutions including erection and construction all risk insurance, liability insurance, marine insurance, and technical advisory solutions.

We are specialists in insurance for the renewable energy sector. Our tailor-made risk insurance can cover complex renewable energy projects for business interruption, liability, and technical failure. We also offer insurance against financial losses from lower than expected annual energy yields for renewable energy plants.

Our renewable energy home insurance provides coverage for damage to renewable energy equipment due to break-in, theft, fire, or natural disasters as part of the home insurance.

## LOOKING AHEAD

We will develop an approach to measure the avoided emissions enabled through our sustainable insurance products.

We will continue to expand our sustainable product range and create more transparent communication around sustainable offerings.

We will continue our co-leadership in the PSI initiative's global consultation on ESG standards in P&C underwriting and launch a global ESG in Underwriting survey.

We will continue to develop our partnership with GIZ to bring renewable energy solutions to African markets.

We will train our underwriting and risk management experts on the new version of the ESG assessment guidelines.

**"Our knowledge of risk, our financial resilience, and long-term investment horizon enable us to offer more effective support for climate protection while making the most out of long-term opportunities for our customers."**



**Simone Ruiz-Vergote**  
Managing Director,  
Allianz Climate Solutions GmbH



# OUR ROLE AS A RESPONSIBLE INVESTOR

**"We systematically assess the ESG performance across our entire investment portfolio and we are continuously enhancing and expanding our approach. For example, for traded assets we are beginning to enter target-orientated dialogues with investee companies where we see material ESG risks, aiming to strengthen their awareness of ESG issues and encourage improvements. If we don't see improvement over time, we ultimately need to divest."**

## HIGHLIGHTS:

### As an asset owner

- 1 billion Euro new debt and equity investments in renewable energy, bringing the total to 5.6 billion Euro (2016: 4.6 billion Euro).
- Launched systematic approach for engagement with investee companies on ESG grounds.

### As an asset manager

- 127.5 billion Euro Sustainable and Responsible Investments (SRI) across AllianzGI and PIMCO.

## CHALLENGES:

- Embedding ESG aspects into standard market indices.
- A scarcity of 'green' infrastructure projects to invest in.
- While more and more ESG data becomes available, there is still a lack of material, reliable and comparable data across industries.
- Measuring the true social and environmental impact of our investments, especially with regards to SDGs, without a common industry-wide standard.



**Dr. Günther Thallinger**  
Member of the Board of Management of Allianz SE,  
Investment Management, ESG

# RESPONSIBLE INVESTOR: OUR APPROACH

As a leading global investor, we are convinced that a strong approach towards ESG management is key to mitigating our risks and seizing opportunities. We want to create a lasting positive legacy for society through our investments, and we strongly believe that sustainable business practices improve the financial performance of companies. That is why we consider ESG aspects whenever we allocate money. Over the past five years, ESG factors have become integral to our investment processes.



For more detail on United Nations Sustainable Development Goals please visit [sustainabledevelopment.un.org](http://sustainabledevelopment.un.org)



Our role as an investor is two-fold: firstly, as an asset owner we invest our proprietary assets, mainly the premiums collected from our insurance customers; and secondly, as an asset manager, we invest third-party assets on behalf of our customers.

In both roles, we are committed to the Principles for Responsible Investment (PRI) which Allianz SE has signed as an asset owner and AllianzGI and PIMCO have signed as asset managers. These principles guide our approach to responsible investment and drive continuous improvement across our businesses.



# RESPONSIBLE INVESTOR: ESG IN OUR ROLE AS ASSET OWNER

Allianz invests more than 690 billion Euro – mainly premiums from our insurance business – in a wide range of asset classes. We systematically integrate ESG considerations across our entire investment portfolio and we are continuously enhancing and deepening our approach.

Our approach comprises six pillars:

**1. Asset manager selection, mandating and monitoring:** All asset managers acting on behalf of Allianz are required to integrate ESG into their investment process. Allianz Investment Management SE closely monitors individual approaches, with the right to escalate the process if an asset manager does not comply with our expectations.

As of the end of 2017, 99% of our assets under management were managed by asset managers who are either PRI signatories or who have an ESG policy in place (2016: 95%).

**2. Systematic integration of ESG factors – ESG referral process:** For unlisted investments such as real estate, infrastructure and private equity, we address ESG risks using our referral process (see page 20). We have developed guidelines that apply to 13 sensitive business areas and ESG screening is mandatory for all transactions within these areas. The detection of an ESG risk triggers a referral process, leading to detailed assessment of the potential risk. Based on the outcome of this assessment, we make the decision either to proceed with a transaction, to proceed and require the mitigation and management of ESG risks, or to decline a transaction on ESG grounds.

## 3. Systematic integration of ESG factors –

**ESG Scoring:** We apply an ESG Scoring process to all our listed assets including sovereign bonds, corporate bonds and public equity. We systematically assess the ESG performance of individual issuers using ESG data provided by the external data provider, MSCI ESG Research. We use this information to consider ESG criteria in our investment selection, leading to a more holistic steering of our portfolio and targeted management of ESG risks and opportunities.

We have set an ESG performance threshold below which we consider investments as 'ESG critical'. Investments in companies below the threshold are continually monitored. An asset manager with investments scoring below this threshold must 'comply-or-explain' – meaning either reallocate to another issuer or explain and provide reasons for holding these issuers. The reasoning is being discussed and assessed during the ESG Deep Dive meetings with asset managers.

In addition to our ESG Scoring approach, in 2017 we began an active dialogue with selected companies scoring below the threshold to address the potential ESG risks (see page 38).

## Divestments

Since the inception of our coal-divestment in 2015, we have seen shifts in the electricity generation and mining sectors. We update the coal exclusion list annually based on the current market data, leading to certain companies being removed from and added to our exclusion list.

In 2017, we divested a further 40 million Euro in equities and an additional 0.9 billion Euro fixed income is in run-off. This brings the total of divested/run-off assets to 265 million Euro/4.8 billion Euro.



99%

of our assets under management were managed by asset managers who are either PRI signatories or who have an ESG policy in place.

**4. Excluding certain sectors:** We apply exclusion criteria that restrict investments in certain sectors – for example companies producing or associated with banned weapons<sup>9</sup> and coal-based business models.<sup>10</sup> We also restrict investments in sovereign bonds from countries associated with severe human rights violations. Our exclusions lists are updated annually based on data from external service providers and in-house research.

<sup>9</sup> Weapons that fall under the scope of the following international conventions: Ottawa Convention (anti-personnel landmines); Convention on Cluster Munitions (cluster ammunition/bombs; Oslo Process); Biological and Toxin Weapons Convention (biological weapons); and Chemical Weapons Convention (chemical weapons).

<sup>10</sup> Utilities generating 30% or more of electricity from coal and mining companies generating 30% or more of their revenue from thermal coal.

# RESPONSIBLE INVESTOR: ESG IN OUR ROLE AS ASSET OWNER



## Financing a low-carbon economy

ACP is our in-house asset manager for alternative equity investments, including renewable energy. With a growing portfolio of wind and solar power our equity investments in renewable energy at the end of 2017 were 3.7 billion Euro.

Next to our equity investments, we provided debt financing to renewable energy projects amounting to over 1.9 billion Euro by the end of 2017 (2016: 1.1 billion Euro).

In total we have invested 5.6 billion Euro in renewable energy projects, including 81 wind parks and seven solar farms.



**5. Sustainability-themed investments:** Next to managing ESG risks related to megatrends such as climate change, food security, poverty, and loss of biodiversity, we actively look for investment opportunities that offer solutions to such challenges. Through selected ESG-themed investments, we can generate stable returns and create long-term value for society.

With a focus on financing a low-carbon economy, we are steadily increasing our green investments and have become one of the largest investors in renewable energy (see box above). We also finance infrastructure projects with environmental and social benefits, such as: the Thames Tideway Tunnel, public transport infrastructure

including metro infrastructure in Madrid and Barcelona, a rolling stock leasing company in UK and regional train infrastructure in Germany.

We are increasingly looking for investment opportunities in sustainable infrastructure in emerging economies. These markets face large financing gaps and, with our investments alongside multilateral development banks and other partners, we can support sustainable development and economic growth. Some examples include our partnership with the International Finance Corporation (IFC) through which we will be investing 500 million U.S. Dollars in infrastructure projects in emerging countries.

## €5.6bn

invested in renewable energy  
at the end of 2017

Through various fund investments, we are financing energy innovations, energy efficiency measures, and renewable energy on a small and large scale to enable a global energy transition. Examples include investments in the AllianzGI Renewable Energy Fund, the Méridiám Transition Fund, and the Mini Hydro Power Plant Fund in Indonesia. Our green bond portfolio is growing, with current investments of 2.5 billion Euro by end of 2017. The same is true of our investments in certified green buildings which stand at 11 billion Euro at the end of 2017.



## Funding the Thames Tideway Tunnel

In 2017, main construction work began on the Thames Tideway Tunnel, London's new "super sewer" which will help tackle the million tons of untreated sewage, which is currently discharged into the tidal River Thames in a typical year. The tunnel will collect effluent from 34 existing overflows along a 25km stretch of the Thames and take it for treatment, while also rejuvenating the river, creating thousands of jobs and helping to boost the local economy.

The scheme is being funded by an innovative special purpose company, Bazalgette Tunnel Limited, a consortium of investors comprising funds managed by Allianz, Amber Infrastructure Group, Dalmore Capital and DIF. Together, the consortium is investing up to 1.274 billion pounds into the Thames Tideway Tunnel.

The tunnel is expected to be commissioned in 2022 with construction due to be completed by early 2024.



# RESPONSIBLE INVESTOR: ESG IN OUR ROLE AS ASSET OWNER

## Engaging investee companies as a tool for positive change

In 2017, we introduced a more systematic approach to engaging with investee companies based on detailed analysis and identification of companies falling below our ESG Scoring threshold. Through this process, we have identified a number of companies where there may be material ESG risks and concerns – ranging from toxic emissions and waste to child labor and negative impacts on communities. We have entered into collaborative dialogue with these companies to communicate our concerns, understand their position and, ultimately, drive positive change. We see this engagement as more impactful and mutually beneficial than automatically withdrawing our investments without first providing an opportunity for change. We are aware that meaningful change can take several years and, if we don't see improvements over time, we ultimately need to divest.

## Collaborative engagement on climate action

In December 2017, we joined the Climate Action 100+ initiative. Led by investors, its purpose is to engage with the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change.

**6. Voting and engagement:** In line with our PRI commitment, we help to increase ESG integration and transparency by working with our peers, regulators, and other market participants. We are actively engaging with selected investee companies as an asset owner (see case study left side) and our two asset managers, AllianzGI and PIMCO, conduct ongoing ESG-specific engagement with investee companies (see page 41f). Our voting rights are exercised by AllianzGI and details on voting policy and voting records can be found [online](#).

## ADVOCACY AND PUBLIC POLICY ENGAGEMENT IN 2017

In our efforts to promote greater transparency on ESG and climate factors, we are a staunch supporter of the recommendations on how companies should report on their climate risks and opportunities – developed by the TCFD. We encourage all companies to implement this framework and have started doing so for ourselves. Our detailed reporting against the TCFD framework can be found on page 86ff.

In 2017, we signed several statements calling for the implementation of the TCFD recommendations:

- a letter by the CEOs of DAX 30 companies directed at German Chancellor and Finance Minister in their roles as G20 presidency;
- a global business leader statement initiated by the WEF calling on G20 governments to formally accept and act on the recommendations of the TCFD. [Read online here](#); and

- the statement of support for the TCFD. [Read online here](#).

Furthermore, we are calling for regulatory measures such as carbon pricing and the phase-out of subsidies for fossil fuels to drive sustainable finance and enable the achievement of the Paris Agreement, as well as the SDGs. Examples include:

- an international business declaration calling on G20 governments to implement concrete measures such as carbon pricing and phasing out of fossil fuels; [Read online here](#).
- the "Frankfurt Declaration on Accelerating Sustainable Finance" showing our support for sustainable finance in light of the SDGs, with a sustainable finance hub to be created in Frankfurt. [Read online here](#).

## LOOKING AHEAD

As an asset owner, we will work on:

- increasing our investment in infrastructure, especially in markets and sectors where we can have a positive social, economic and environmental impact;
- systematically measuring the social and environmental impact of our investments and aligning our investment strategy with the SDGs where we can have greatest impact;
- continuously aligning our portfolio to contribute to a low-carbon economy; and
- integrating ESG aspects into our unit-linked products.

## The Allianz Climate and Energy Monitor

We work with other investors, think tanks, and universities (such as Potsdam Institute for Climate Impact Research, Oxford University, and Global Climate Forum) to measure risks and opportunities arising from the low-carbon transition and physical climate change.

In 2017, we published the second Allianz Climate and Energy Monitor. It analyzes the G20 countries' need for renewable energy investments to bring the energy system on a trajectory compatible with the 2°C/1.5°C temperature limits of the Paris Agreement. Furthermore, it assesses the attractiveness of the regulatory and economic conditions in these countries for potential renewable energy investors.

The Monitor aims to inform policy-makers and other stakeholders on what is needed to support the development of an effective regulatory framework to drive low-carbon investing in every country.

 Read the full report [here](#).



# RESPONSIBLE INVESTOR: ESG IN OUR REAL ESTATE INVESTMENTS



Our ambition is to act as a Responsible Investor and asset manager and to constantly improve our ESG practices. Increasing the share of properties in our portfolio that have an environmental or sustainability certification is a priority.

To achieve it, Allianz Real Estate developed a new ESG policy in 2017, based on three key areas of activity: assess, engage and improve.

**1. Assess:** During the acquisition phase in particular, we screen transactions for potential ESG issues. Every new equity investment undergoes a thorough due diligence process, including a technical and environmental due diligence and a property-related ESG assessment. As a general rule, any new office or retail investment (equity) must have an environmental or sustainability certification that is either globally recognized (such as LEED or BREEAM) or locally dominant (for example HQE in France and DGNB in Germany). With regards to new fund investments, fund managers must have an ESG policy.



**2. Engage:** As we move into the management phase, our collaborative engagement strategy seeks to influence business partners to strengthen ESG activities. This includes ensuring asset managers fully consider ESG topics as part of their performance review meetings with joint venture partners and supporting external property managers to improve ESG standards and performance.

**3. Improve:** We also aim to measure and improve the ESG performance of our real estate portfolio. For example, we seek out pilot "lighthouse" projects and group-wide initiatives that can include procurement of certified green energy, investment in on-site energy production facilities and specific energy efficiency measures, such as the installation of LED lighting.

We will officially launch the new ESG policy in 2018, including a review of our ESG ambition and targets.

# RESPONSIBLE INVESTOR: ESG IN THIRD-PARTY ASSET MANAGEMENT

**As one of the world's largest asset managers, we run our asset management business out of two investment management entities: AllianzGI and PIMCO, which operate under the Allianz Asset Management holding (AAM).**

At the end of 2017, total SRI managed for third parties by AAM entities amounted to

**€127.5bn**

PIMCOs share of these SRI assets totaled

**€114.5bn**

AllianzGI managed

**€13.0bn**

The two asset management companies have different regional focuses and investment strategies, and each has its own approach to embedding ESG criteria into asset management. Both offer a range of Sustainable and Responsible Investment (SRI) products and services using strategies such as a best-in-class approach, impact investing, negative screening and exclusions. These solutions provide customers with new choices that deliver financial, social and environmental returns.

## 2017 HIGHLIGHTS:

- AllianzGI was Extel No. 7 best asset manager out of 128 for ESG/SRI and No. 6 in the 2017 Asset Owners Disclosure Project Global Climate 50 Asset Manager Index.
- PIMCO launched the GIS Global Bond ESG Fund and two of their responsible investment funds in the U.S. were enhanced to incorporate a wider range of ESG considerations.
- PIMCO rolled out its dedicated bond engagement platform across a number of industries and engaged with more than 100 companies on ESG topics.

## ALLIANZ GLOBAL INVESTORS

AllianzGI aims to incorporate ESG criteria across the investment value chain to deliver better investment outcomes and competitive returns for clients. This approach combines integrated ESG analysis with robust stewardship, ensuring action that improves the risk profile of investments and steers companies towards greater and more sustainable long-term profitability.

Our active approach to investment management and client dialogue enables us to offer investment solutions that meet the ESG requirements of our clients.

The responsible investment strategies offered by AllianzGI include:

- ESG integration – integration of ESG research analysis into traditional fundamental equity investment strategies;
- Sustainable Responsible Investing (SRI); and
- impact driven investments, which aim to achieve an intentionally targeted and measured environmental or social impact.

AllianzGI's ESG approach extends traditional investment analysis through a two-step process: 'Understand. Act.'



# RESPONSIBLE INVESTOR: ESG IN THIRD-PARTY ASSET MANAGEMENT

**18**

exchanges have publicly released their ESG guidance including the London Stock Exchange Group, Nasdaq Nordics and Bolsas y Mercados Españoles as of December 2017.

## 1. UNDERSTAND.

It is our conviction that ESG factors are important investment performance drivers, both from a return and a risk perspective. The foundation of our active investment approach is guided by ESG risk information. This is made available globally to all AllianzGI portfolio managers and research staff through a dedicated research platform 'Chatter'. AllianzGI's investment professionals carry out proactive ESG research around corporates and sectors through the proprietary global fundamental research platform. The research enables us to make better informed investment decisions incorporating ESG investment risks and opportunities.

## 2. ACT.

We are committed to integrating ESG factors into all investment decisions and across all asset classes. We pursue an active stewardship approach to improve business practices and performance of companies. This includes direct engagement and aiming for 100% proxy voting to maximize our influence.

### ADVOCACY AND ENGAGEMENT

In 2017, AllianzGI's collective and policy-related engagements focused on the themes of climate change, supply chain risk, and improving transparency and disclosure. In its role as leader of the Sustainable Stock Exchange Investment Working Group's Campaign to Close the Guidance Gap, AllianzGI wrote a collective letter signed by 100+ asset owners, managers, and companies representing over 10 trillion U.S. Dollars in Assets under Management to 70 exchanges. The letter encouraged exchanges to take an active role in creating transparent and efficient capital markets by engaging with issuers on the need to incorporate investment-grade ESG data into reporting. At the close of the campaign, AllianzGI was successful in convincing 30 exchanges to commit to producing ESG guidance. As of December 2017, 18 exchanges have publicly released their guidance including the London Stock Exchange Group, Nasdaq Nordics, and Bolsas y Mercados Españoles.

With regards to climate change, AllianzGI joined the Climate Action 100+ investor initiative, committing to address climate risks through engagement and effective support for the recommendations of the TCFD.

 You can find more detail on AllianzGI's ESG related policies and proxy voting reports [online](#) and in the [PRI Transparency Report](#) for fiscal year 2017.

### LOOKING AHEAD

AllianzGI will be launching a number of integrated ESG flagship fundamental equity strategies and Allianz Global Fundamental in 2018.



### Green Bonds

For society to limit global warming to 2°C, compared to the mid 19th century temperatures, will require trillions of dollars of investment every year. Green bonds are a powerful tool for financing the energy transition, with more than 100 billion U.S. Dollars of new issues in 2017 alone. Through green bonds, issuers raise funds that are dedicated to projects with a positive environmental impact, while incurring the same level of financial risk for investors. This year, the AllianzGI Green Bond Fund reached 191 million Euro due to inflows from institutional and retail investors, largely from corporate issuers. The Fund contributed to projects that deliver renewable energy, reduce greenhouse gases emissions, energy efficiency systems and infrastructures, sustainable land use and waste management, biodiversity conservation, clean transportation, and clean water. In 2017 for instance, the funds provided financing to wind power facilities in Lithuania, solar power plants in India, and biodiversity preservation in Australia, among other projects.

# RESPONSIBLE INVESTOR: ESG IN THIRD-PARTY ASSET MANAGEMENT

"We believe that partnership and engagement are at the heart of investing for social good, and we are committed to working with our clients to develop innovative solutions that meet their aims, engaging with issuers to improve their ESG practices, and partnering with industry participants to broaden the universe of ESG investing."



**Mike Amey,**  
Managing Director,  
Head of ESG Strategies,  
PIMCO



## PIMCO

In managing risk and delivering returns for its clients, PIMCO integrates ESG across all of its actively managed strategies. Early identification and rigorous incorporation of ESG risk factors into credit and sovereign research processes ensure that value deterioration is avoided in securities that are negatively affected by ESG developments. PIMCO's credit analysts frequently engage with senior management in investee companies to understand the risks and opportunities.

PIMCO has created a dedicated ESG platform for investors who wish to target positive social and environmental change. PIMCO ESG portfolios are founded on the belief that investors should not have to sacrifice financial returns for positive impact. As such, they are managed to the same return targets, utilize the same investment resources, and incorporate the same macro positioning as other PIMCO portfolios.

Unlike other portfolios however, ESG portfolios emphasize three additional building blocks: exclusions, evaluation and engagement.

**Exclusion** of companies where business practices are misaligned with sustainability principles;

**Evaluation** of companies based on their ESG credentials and favoring of those with best-in-class ESG practices; and

**Engagement** with companies encouraging them to improve their ESG practices.

In 2017, PIMCO launched its GIS Global Bond ESG Fund and enhanced two responsible investment funds in the United States to incorporate a wider range of ESG considerations, in line with PIMCO's ESG philosophy. Following the launch, dedicated ESG reporting has been set up on a quarterly basis to update clients on the ESG approach.

## LOOKING AHEAD

PIMCO will continue to strengthen its ESG team to further support the rollout of its ESG process and work with clients to develop innovative and impactful investment solutions.

We will publish PIMCO's first [ESG Investing Report](#) in 2018, providing an overview of our ESG activities and developments over the last year.

In cooperation with the UNGC, PIMCO will organize a symposium to explore specific opportunities for global investors to finance the SDGs and leverage and complement public finance.

## ADVOCACY AND ENGAGEMENT

PIMCO supported a number of different initiatives related to responsible investments in 2017. It became a signatory to the UNGC and supported the Climate Action 100+ initiative to push high-emitting companies to tackle the threat of climate change.

PIMCO also rolled out its dedicated bond engagement platform across a number of industries and engaged with more than 100 companies on a number of environmental, social, and governance topics.

You can find full details of PIMCO's ESG approach on their ESG [website](#), in their first [ESG Investing Report](#) and PRI Transparency Report for the fiscal year 2017.



# OUR ROLE AS A **TRUSTED COMPANY**

## HIGHLIGHTS:

- 60% of business segments measuring NPS either performed significantly above market average or achieved loyalty market leadership.
- 17% cut in CO<sub>2</sub> emissions per employee since 2010.
- 922 suppliers have signed our Vendor Code of Conduct since 2015.

## CHALLENGES:

- Reinforcing stakeholder trust in Allianz through continued transparency, competence and resilience.
- Further optimizing the customer experience using paperless communication, simplified product design and digital servicing, whilst ensuring data security.
- Reducing our environmental impacts as a global organization.

"Emerging technologies will bring convenience to customers and make insurers' processes more efficient; greater efficiency and transparency will change the way people think about insurance... for the better!"



**Solmaz Altin**  
Chief Digital Officer,  
Allianz SE

# TRUSTED COMPANY: OUR APPROACH

Customers' trust in Allianz is based on resilience, integrity, and competence. We are developing the way we think about and engage with our customers to build on these attributes and become fit for the future. We recognize that the way people communicate and engage continues to change, particularly through technology. Today, communication happens in real-time, across borders and languages, and in more transparent and personal ways. We must use these opportunities to empower, engage, and inspire our customers and build trusting relationships. This means engaging with communities and networks around specific issues and keeping abreast of emerging issues as they arise.



 For more detail on United Nations Sustainable Development Goals please visit [sustainabledevelopment.un.org](http://sustainabledevelopment.un.org)



## TRUE CUSTOMER CENTRICITY

True Customer Centricity is based on transforming into a company that revolves around its customers. We want our customers to see Allianz as a company whose heart beats for them. This means designing experiences from a customer's perspective. It requires radically simplifying and digitalizing our products and processes, ensuring what we provide is relevant and delivers superior value through excellent and caring customer service.

To understand and meet the needs of diverse global customers, we use a model that is based on three key steps: measure, analyze, act. We collect feedback directly from customers using proven and tested survey tools and methodology, and take direct action based on what they tell us.

In terms of measuring progress, our ambition is to achieve a step-change in our global Net Promoter Score (NPS) performance, with 75% of our business segments achieving above market average or a loyalty leader position by 2018.

# TRUSTED COMPANY: OUR APPROACH



## DIGITAL BY DEFAULT

The insurance industry has been trying to make it easier for everyone to make provisions for the years ahead. Through online technologies, more and more customers can find out about, buy, and interact with our products. This is especially important in emerging markets. Our priority is to ensure that our customers can easily access our contact persons and services online or via direct contact.

Our Digital by Default strategy is taking us towards paperless communication, simplified product design, and digital servicing of customers in all markets. So far, 65% of our outbound communication is digital. One example of how we integrate digitalization is the Global Digital Factory (see over page).

Digitalization enables social inclusion, but it also comes with data security risks. It is the insurance sector's responsibility to balance universal access with protecting customer privacy. To ensure these advances do not compromise data security and privacy, we are closely involved in political engagements on the update and modernization of European privacy legislation.

## FOSTERING INTEGRITY AND MANAGING OUR IMPACTS

Our success depends on being seen by customers as a financially stable and trustworthy company. We achieve this by demonstrating integrity, competence, and resilience in everything we do. We work hard to build a culture of compliance, ethical decision-making, and good governance, combined with transparent financial communication and thought leadership on the issues affecting our customers.

**65%**

of our outbound communication is digital.

Our approach encompasses a wide range of focus areas that takes into account: robust data privacy and security; high ethical standards through strong leadership; the Allianz Code of Conduct and internal controls.

Furthermore, we manage our environmental impacts with a particular focus on climate change and extend our approach by managing risk and promoting sustainability in our supply chain.

## TAX TRANSPARENCY

In times of an international, globalized business landscape, taxation becomes more and more complex. We recognize that this complexity raises external expectations for increased tax transparency. As a member to the B-Team, Allianz SE, together with a group of companies has developed the so-called "[B-Team Responsible Tax Principles](#)", a common framework of core principles and practical commitments for companies to demonstrate responsibility in their tax-approach. Please find a breakdown of income taxes per region on page 82.

# TRUSTED COMPANY: GROWING WITH OUR CUSTOMERS

Customer centricity – practicing relentless execution centered on customers while outperforming competition – is one of the five pillars of our Renewal Agenda. To achieve it, we need to identify our customers' emerging needs and adapt our business accordingly. Their feedback enables us to improve our products, services and processes and offer easy and adaptable solutions. Our strategy includes the clear ambition for at least 75% of our business segments to be rated by their customers as Loyalty Leader or above market in terms of Net Promoter Score (NPS) by 2018.

## 2017 HIGHLIGHTS

- 60% of the business segments measuring NPS performed significantly above market average or achieved loyalty leadership in their market.
- Further rollout of the Customer Excellence Program to 10 more markets in 2017.

To gain a better understanding of our customers' needs and how well we are meeting them, we ask them for direct feedback regarding their experience in dealing with Allianz – for example when they bought a product or service, submitted a claim, cancelled or renewed a contract – and if they would recommend Allianz based on their experience.



## MEASURING CUSTOMER LOYALTY

We use the globally recognized NPS as our key metric for customer loyalty through their willingness to recommend Allianz. Since it is applied regularly according to global cross-industry standards, NPS allows benchmarking against our competitors and industry peers. In 2017, 60% of our business segments measuring NPS performed above market average or even achieved loyalty leadership in their market.

Our Customer Excellence Program aims to take us ahead of the industry by systematically measuring customer experience, identifying areas for improvement and enhancing the drivers of satisfaction along the entire customer journey (as opposed to discrete touch points). By the end of 2017, 34 Allianz Group companies and global lines around the world had applied the Customer Excellence approach.

## Customer Excellence: winning hearts with wow-moments

To achieve Customer Excellence, we need to better understand our customer's individual experience. This can only be achieved by collecting qualitative, personal feedback. Our Customer Excellence Program will see operating entities interview some 500 to 1000 customers to identify the "pain points" in the customer journey, and the root causes that lie behind them. Overcoming these problems can mean thinking out of the box, and the innovative solutions can surprise our customers by

exceeding their expectations. For example in 2017, Allianz Colombia introduced a VIP service for motor insurance customers with specific needs – in response to feedback from customers. Now, when an accident occurs, help reaches them faster in the form of "heroes on wheels" (motorbikes) who directly support the client on site. This pilot was very successful: 96% would recommend the service.

## PROGRESSING TOWARDS DIGITAL BY DEFAULT

The Global Digital Factory (GDF) is the digital delivery unit of Allianz Group. The Factory produces global digital solutions for engaging customer experiences. It supports our operating entities in digitalizing and strengthening customer ties. Working together with operating entities, it creates winning user experiences, delivers reusable, customer-validated results, and scales solutions to serve our customers around the globe. At the moment, the GDF is focusing on eight different customer journeys including motor claims, health claims and life onboarding.

Since the GDF was founded in 2016, our experts from different Allianz entities have been diligently designing, developing and implementing digital solutions to enhance the customer experience. In 2017, the GDF developed new digital customer

# 34

Allianz Group companies and global lines around the world had applied the Customer Excellence approach by the end of 2017.

journeys that were launched in nine different countries. Going forward, more countries will join the list.

Allianz Property Solutions is also a digital innovation leader in the claims inspection of property damages. Our aim is to improve the customer experience through a much faster process along with increased transparency of property claims through faster on-site assessment and generation of an immediate inspection report. With the usage of Allianz Property Solutions, we are building an increased property intelligence that will enable bettering policy pricing and underwriting in the future.

# TRUSTED COMPANY: GROWING WITH OUR CUSTOMERS

"The [MyMobility App] solution addresses the 4As our customers require: Anyone, Anytime, Anywhere, Anything – kicked off by a personalized video at the beginning of the journey. This is a good example of how combining heritage and modern creates something powerful!"



**Xaver Woelfl**  
Chief Digital Officer,  
Allianz Austria

## Motor Claims "MyMobility App"

The Motor Claims MyMobilityApp has been launched in Austria and the UK. It will debut in Thailand in February 2018 and additional OEs like AGCS, Australia, and Spain to follow. The app provides customers with a personal emergency and assistance contact (Allianz SOS) in their pocket, allowing them to easily and quickly report damages and access a broad range of services such as the Allianz repair shop network.

## Making life insurance more transparent

What if a tool made researching and buying life insurance products simpler and more transparent? What if customers could easily do an individual risk assessment and see the future impact of their investment decisions? The GDF's 'Life Onboarding Journey' pilot, launched in Belgium, Spain, Germany and Italy in 2017, attempts to answer these questions. The prototype solution provides a personalized microsite which customers reach through a diverse mix of marketing channels, social media and display ads. A questionnaire analyzes an individual's investment profile and provides tailor-made information about products, along with a simulation tool to understand the impact of investment decisions.

It also points to the right contact person for more personalized advice on saving-plan options and contracting processes.



# TRUSTED COMPANY: PROTECTING OUR CUSTOMERS

Meeting our customers' needs and protecting their information is central to our ambition to be the most trusted partner within our core business of insurance and investments. Our customers rightly expect their personal information to be treated with the utmost care and we take this responsibility extremely seriously. Embedded within our commitment to a Digital by Default service, we ensure robust privacy controls that offer our customers the peace of mind that their personal information is safe and secure.



## 2017 HIGHLIGHTS:

- No reported material breaches of privacy rules.
- Fully-automated Privacy Impact Assessments for high-risk processes that use personal data.
- Inaugural Allianz Privacy Summit to share and exchange best practice across the Group.

## STRENGTHENING OUR GLOBAL PRIVACY FRAMEWORK

The Allianz Privacy Framework includes: a global standard for data privacy; a privacy impact assessment and risk management process; integration with Information Security core functions; and training for employees on the appropriate processing of the personal data belonging to our customers, employees and third party partners. All measures are subject to regular audit and assurance activities.

The Allianz Standard for Data Protection and Privacy defines rules and principles for collecting and processing personal data. It sets out six privacy principles that we expect all our employees to respect, wherever they are in the world: due care; purpose specification; reasonable limitation; transparency and openness; choice and consent; and privacy by design. We also publish a Privacy Notice that clearly states what information we collect, and why.

## PRIVACY RISK MANAGEMENT

We consider the identification and management of privacy risks at the operational process level to ensure we measure, monitor, and remediate risks across Allianz's core businesses. Privacy Impact Assessments (PIAs) of high exposure processes that use personal data to enable the early identification of areas that generate the risk to ensure they are appropriately managed over the lifecycle of a project, including when we change an existing product or service. In 2016, we began work to fully automate the PIA process for all Allianz Group companies. The implementation is ongoing until 2018. Privacy risks are included in Allianz's Integrated Risk and Control System (IRCS), which helps us measure and monitor privacy risks across the organization.

# TRUSTED COMPANY: PROTECTING OUR CUSTOMERS

## SAFEGUARDING PERSONAL DATA

The security of the personal data we hold is equally as important. Our robust Information Security Framework applies strict security processes, standards, and tools globally. It defines minimum requirements, based on the ISO 27001 standard for information security management. This includes a requirement for vulnerability assessments along the software development value chain (including penetration tests and security audits), monitoring of systems via multi-level security systems, and effective IT Security Management and Business Continuity Management.

## COMPLIANCE WITH INDUSTRY DEVELOPMENTS

We keep abreast of regulatory and industry developments and aim to reflect these in our operational and governance processes and procedures. The Allianz Privacy Renewal Program was established in 2016 to address upcoming changes in the EU General Data Protection Regulation (GDPR), which comes into effect in May 2018. Over 70 local projects commenced in 2017 to remediate gaps in organizational set-up, processes, and IT systems. The Allianz Privacy Renewal Program was awarded the 2017 HPE-International Association of Privacy Professionals (IAPP) Privacy Innovations Award for its integration of privacy leveraging the principle of subsidiarity and advanced technologies.

# 70+

local projects commenced in 2017 to remediate gaps in organizational set-up, processes and IT systems.

## ENGAGING WITH EMPLOYEES

We continue to focus on employee engagement to build understanding of privacy requirements. Our Digital Privacy Guidelines have been deployed to all Allianz Group companies and cover privacy-related topics impacting digital projects – both privacy by design (as part of new product and service design processes) and privacy by default (so that where individuals are given choices around the use and onward sharing of their personal data, the initial settings restrict disclosure).

In 2017, over 100 legal, compliance, privacy and information security professionals came together for the second Allianz Privacy Summit. Over three days, they exchanged knowledge and best practice to achieve a sustainable level of data privacy and protection across all Allianz Group companies.

## LOOKING AHEAD

Continue working to ensure compliance with the EU GDPR when it comes into effect in May 2018.



# TRUSTED COMPANY: INTEGRITY

**Integrity and honesty are fundamental to building relationships of trust. This means conducting our business with transparency in every single transaction, wherever we are in the world. Our anti-corruption and anti-trust programs, alongside our approach to international sanctions and embargoes, help to ensure we make decisions based on what is right and good for business.**

## 2017 HIGHLIGHTS:

- Some 6,000 Senior Executives participated in the value-based compliance event, "Leaders in Integrity".
- Integrity Campaign included training and interactive games to promote values-based compliance.
- Increased training in anti-corruption, anti-trust and compliance.
- Income taxes published per region (see page 82).

## ETHICAL STANDARDS

Based on the principles of trust and integrity, the Allianz Code of Conduct for Business Ethics and Compliance establishes minimum standards of conduct for all Allianz employees worldwide and sets out the ethical responsibilities of the Board, especially with respect to handling potential conflicts of interest and standards of corporate disclosure. Separate standards apply to each risk area and cover employee ethical behavior, both personally and professionally. Group Compliance has established a dedicated function for Integrity culture.

The Allianz Standard for Capital Markets Compliance ensures adherence by employees with market abuse rules, and integrates the requirements of the E.U. Market Abuse Regulations into our rules and procedures.

## RESPONSIBLE SALES

Our positive reputation is built on the trust that customers, shareholders, employees, and the general public have in our integrity. This trust depends on the quality of our products, the way we inform and advise our customers, and on the personal conduct and capability of our sales employees and representatives.

Our global standard Sales Compliance Program comprises of processes and controls for communication, monitoring and audit. Recent initiatives include enhancement of product governance principles and new solutions to deal with the low interest rate environment in Life Insurance. Throughout 2017, we reviewed the retail product portfolios of 18 operating entities



based on quantitative criteria and further refined how we identify products that could lead to a negative impact for the client/customer.

## PROMOTING ETHICAL STANDARDS

The Allianz Broker Remuneration Principles state that, 'Allianz commits itself not to devise or agree to remuneration schemes which are aimed at inducing Brokers to act to the detriment of our customers or to distort fair competition'. In addition, in the course of the implementation of the Insurance Distribution Directive (IDD), the Markets in Financial Instruments Directive (MiFID II) and the Packaged Retail and Insurance-based Investment Products (PRIIPS), projects led by Group Compliance have developed solutions that often go beyond the pure legal requirements in order to foster True Customer Centricity.

We have set Minimum Standards for Asset Management Marketing Practices. They include the principles of truthful, clear and accurate information on investment styles and philosophies.

The globally binding Allianz Code of Conduct for Business Ethics and Compliance underpins all of these responsible sales controls. It specifies that:

- Employees of Allianz Group must not, either by their action or statements, seek to mislead the market or customers;
- When establishing a customer relationship, or providing financial services to a client, appropriate care shall be taken to ensure that the customer receives information that is necessary for a reasonable decision to be taken by the customer<sup>11</sup>; and
- Potential Board members of Allianz Group entities and certain senior executives are interviewed systematically by Legal, Compliance and Audit to assess their integrity.

<sup>11</sup> The implementation project for MiFID II/IDD is paying special attention to the advice given to customers and establishing clear rules in this area.

# TRUSTED COMPANY: INTEGRITY

## LISTENING TO OUR CUSTOMERS

A responsible approach to sales is more likely to lead to customer satisfaction. In turn, satisfied customers are loyal and more willing to recommend us. Our customers' interests take priority whenever they seek advice from us, and exemplary sales practices are of particular importance.

In addition to customer surveys, complaints are an important source of feedback and we analyze them closely to identify potential improvements. We have internally certified our subsidiaries to ensure group-wide quality standards for handling complaints are met and customers are treated fairly. New whistleblowing facilities will enable all our stakeholders to speak up and will increase the ease of filing of complaints.

## ZERO TOLERANCE OF FRAUD AND CORRUPTION

We take a zero-tolerance approach to fraud and corruption. At a minimum, that means complying fully with local and international anti-corruption and anti-bribery laws. Going further than just compliance, the Allianz Anti-Corruption Program is a group-wide initiative that sets standards for a consistent and comprehensive approach in every jurisdiction. Aimed at both employees and third parties with whom we do business, the program and policy prohibit the offer, acceptance, payment or authorization of any bribe, or any other form of corruption, be it with the private sector or with governments.

Anti-corruption training is compulsory for all employees, with online and in-class training delivered in more than 20 languages. We continued providing values-based training via our Integrity Campaign in 2017.

## ANTI-MONEY LAUNDERING

Within the framework established by the Allianz Group's Code of Conduct for Business Ethics and Compliance, Allianz companies have established policies and procedures for the prevention of money laundering and terrorism financing based on high standards of customer identification, verification and monitoring, as well as suspicious activity reporting in compliance with applicable legal requirements. We use various screening and monitoring systems to manage risks resulting from money laundering and terrorism financing, as well as to ensure compliance with financial sanctions restrictions. All Allianz companies are responsible for tackling money laundering and terrorism financing and maintaining their own Compliance Programs.

## RESPECTING ECONOMIC SANCTIONS AND EMBARGOES

We have global policies and procedures in place for compliance with trade and financial sanctions that include, among others, the screening of customers against lists provided by the UN, EU and the Office of Foreign Assets Control (OFAC), as well as a compliance review and approval requirement for transactions related to countries, sectors or parties subject to sanctions programs.



Some of our insurance coverage relates to clients that have business transactions in sanctioned countries. We ensure these transactions comply with all applicable sanctions (for example, insurance for humanitarian goods). They are subject to enhanced review and approval procedures, as well as to a special review process for high-risk transactions.

## COMPETITION

We believe that fair competition and access to the marketplace drives innovation, stimulates growth and benefits the consumer. As a global business player and a leading provider in our sector, we have a responsibility to ensure that we act in

compliance with competition law. The Allianz Antitrust Program lays out the Minimum Standard for Antitrust Compliance and the Allianz Antitrust code, which provides for a set of behavioral rules that employees must observe when dealing with competitors, customers and business partners. We provide classroom and online training to Top Management and Exposed Employees on a global basis to refresh and develop their understanding of antitrust rules.

# TRUSTED COMPANY: LEADERSHIP AND COMPLIANCE



## LEADERSHIP STRUCTURE

We believe that good corporate governance is not restricted to fulfilling our legal obligations. Rather, it is an integral part of our corporate culture and a way in which we can build trust. This is why the Allianz Code of Conduct for Business Ethics and Compliance is fundamental to our responsible corporate governance.

Allianz operates a two-tier Board system: the Supervisory Board is made up of six independent Directors and six employee representatives, while the Management Board consists of nine senior executives appointed by the Supervisory Board for a maximum term of five years.

All members of the Supervisory Board are considered independent according to the German Corporate Governance Board's definition. Potential Board members of Allianz Group entities and certain Senior Executives are interviewed systematically by Legal, Compliance and Audit to assess their integrity.

The Chairman of the Supervisory Board of Allianz SE is Michael Diekmann, who was a former member of the Board of Management and has observed the legally-required two-year 'cooling off' period. Within the Supervisory Board, the Nomination Committee is responsible for drawing up selection criteria for shareholder representatives. It comprises the Supervisory Board Chairman and two other shareholder representatives.

## MANAGING COMPLIANCE

Our Risk Management Framework includes a Compliance Management System which helps us ensure compliance with internationally recognized laws, rules and regulations. We take a proactive stance, working with organizations such as the German Institute for Compliance and the Global Insurance Chief Compliance Officers Forum (CCO Forum), to enhance understanding of compliance issues and share best practice.

To ensure continuous improvement, all compliance risks are regularly assessed, monitored and reported within the Group. Our Compliance Quality Assurance Program comprises self-assessments, independent on-site reviews, local spot checks and key control testing. An online Compliance Issue Management Tool provides oversight over mitigation activities and KPI tracking. The online Compliance Case Management Tool provides consistent group-wide management and oversight of cases and facilitates reporting to the Audit and Integrity Committees.

In 2017, we successfully integrated the compliance risk scoping and assessment activities into the company's IRCS. This involved adjusting the compliance risk parameters and process, introducing a compliance program maturity model, and strengthening the risk based focus of compliance control reviews and testing. We also implemented new and improved IT solutions to optimize and harmonize all these activities as well as reporting activities across the Group.

## 'SPEAKUP'

Every employee that joins Allianz receives a compliance welcome presentation and Compliance Officers can be contacted via the intranet and hotlines set up for topical issues. Generally, any minimum level of variable compensation is based on compliance and integrity targets and Senior Executive remuneration is linked to upholding the Code of Conduct and other compliance requirements.

As well as our group-wide SpeakUp hotline, employees have access to other local and group-wide whistleblowing channels through which they can raise concerns anonymously (unless local legal restrictions apply). Our Whistleblowing Guidelines provide guidance to ensure incoming reports are handled appropriately. We also continuously promote whistleblowing as part of internal events and campaigns.

## LOOKING AHEAD

In 2018, we will roll out a further enhanced compliance assurance approach that will include baseline reviews to fast track compliance onboarding of newly acquired entities, risk based targeted reviews of existing entities, and key control testing.

# TRUSTED COMPANY: ENVIRONMENTAL IMPACT

**As well as improving environmental standards in our insurance and investment business through our ESG Framework, managing the environmental impacts of our operations is an important part of our approach.**

**We continually strive to improve the environmental performance of our operations.**

## 2017 HIGHLIGHTS:

- 17% cut in CO<sub>2</sub> emissions per employee against our 2010 baseline.
- 29% reduction in energy consumption from office buildings per employee since 2010.
- 40% energy use came from renewable, low-carbon sources.

## ENVIRONMENTAL MANAGEMENT

Our group-wide Environmental Management System (EMS) provides standards and controls, supports environmental data collection, and promotes transparent reporting of environmental impacts across our operations. It guides us in monitoring and managing our resource use, including water consumption and waste generated. Operational implementation of our EMS is monitored by the Group Environmental Officer and is supported by the Board of Management of Allianz SE. In 2017, the scope of our EMS included 91.1% of employees (2016: 92.2%).

As part of our continuous efforts to strengthen our environmental management, Allianz SE headquarters in Munich, Germany, was certified to the international standard ISO14001 in 2017.

## Carbon reduction strategy

We have a long-established carbon reduction strategy to manage emissions from our operations, for example through energy-efficient planning, construction and operation of buildings, buying green electricity, and using carbon efficient vehicles. The Allianz Group has been carbon-neutral since 2012, achieved by neutralizing our remaining emissions through investments in carbon-reduction projects (please see the following page).

## Cutting our emissions

Our most material emissions arise through energy consumption, business travel, and paper use. To target our efforts, we have committed to reduce carbon emissions by 30% per employee by 2020, against a 2010 baseline. By the end of 2017, we had reduced CO<sub>2</sub> emissions by 17% per employee (2016: 25.3%). Our outlook is shown on page 54.

Full details of our carbon disclosure, including by Scope 1, 2, and 3 emissions, are provided on page 81.

## Reducing energy consumption

Our target is a 30% reduction in energy consumption from our office buildings per employee by 2020, compared with 2010. We have achieved a 29% cut so far (2016: 27%), putting us well on track to meet our 2020 targets. 40% of the energy we used came from renewable, low-carbon sources (2016: 41%).

## Cutting emissions from business travel

In 2017, business travel accounted for 32.4% of our carbon footprint. To drive this down, we encourage employees to avoid travel for non-business-critical and non-client-related meetings of less than three hours. We are also strengthening the CO<sub>2</sub> performance of our vehicle fleet with electric cars in use in countries such as Germany, Netherlands, Malaysia, France, and Belgium.

## Paper reduction

Our target is to reduce paper use by 40% per policy by 2020 against a 2014 baseline.<sup>12</sup> By the end of 2017, we had achieved a reduction of 27% (2016: 14.5% on same basis). We will be stepping up efforts through the increasing shift towards digital communication with our customers and paperless ways of working in our offices.

## Water

Minimizing water use is a principle commitment under our Group Environmental Guidelines. This is of particular relevance in areas at risk of water-stress. For example, we installed waterless facilities and conducted an internal water efficiency campaign at our Allianz Technology site in India.

## Waste

We seek to minimize the waste we generate and to re-use or recycle wherever possible. In 2017, efforts to avoid waste in our day-to-day office operations included the introduction of re-usable take-away coffee cups at Allianz Technology in Munich. This avoids cup disposal and builds on the set-up established at Allianz SE, where an internal deposit-system for ceramic mugs has eliminated disposable cups entirely since 2015.

 Further information on our Group Environmental Policy can be found [here](#).

<sup>12</sup> KPI definition changed from "kg paper consumption per employee" to "kg paper consumption per policy"; KPI data reported for 2015 – 2017 is reported on a like for like basis.

# TRUSTED COMPANY: ENVIRONMENTAL IMPACT



## New sustainable office opens in Milan

Our new office in Milan opened in October 2017. It is designed to best practice standards in sustainable construction and includes many best practice features: flushing cisterns fed by groundwater for the first 12 floors; photovoltaic panels on the roof; hydroelectric energy and district heating systems; LED lamps and use of natural lighting; an integrated management system for regulation and monitoring of plants and systems as well as lighting and curtains; video conference facilities on each floor to avoid business travel; and showers, bike parking, and locker rooms encourage cycling. The building received LEED Gold Certification for Shell and Core development and our aim is to achieve Platinum certification for Commercial Interiors.

# 10%

share of Wildlife Works Carbon LLC held by Allianz.

## CARBON-NEUTRAL SINCE 2012

We have been a carbon-neutral company since 2012 by investing in projects that offset our operational emissions. In 2017, we retired 425,367 carbon credits by investing in low-carbon initiatives, each credit accounting for one metric ton of carbon. The savings in emissions are independently measured and certified once a year.

## INVESTMENTS IN 2017 INCLUDED:

**Wildlife Works Carbon LLC:** we hold a 10% share in WWC, the world's leading developer of Reducing Emissions from Deforestation and Degradation (REDD) projects. Through this investment, we are supporting forest protection in Kenya and the Democratic Republic of Congo that aims to generate an average of 2.7 million and five million tons of carbon certificates per year respectively. By way of example, our investments in 2017 saw a community living next to the Rukinga Sanctuary in Kenya benefit from job creation and support for the construction of classrooms and rainwater catchment systems for its schools.

**C-Quest Capital (CQC):** we have been one of the investors financing CQC since 2012. The program replaces incandescent light bulbs in private households with energy-efficient and long-lasting compact fluorescent lamps. Over a period of 10 years, 3.73 million tons of CO<sub>2</sub> should be avoided.

**Rimba Raya:** we began investing in this REDD project in Borneo, Indonesia, in 2013. By helping to prevent the deforestation of 64,000 hectares of rainforest, it should avoid the release of 90 million tons of CO<sub>2</sub> over a 30-year lifetime.

## LOOKING AHEAD

We will continue to implement measures to achieve our 2020 targets including expanding ISO14001 certified entities and investigating priorities for low-carbon operations beyond 2020. This includes investigating a more holistic role of renewable energy in our operations.

# TRUSTED COMPANY: TRUST IN OUR SUPPLY CHAIN

**Our risks, impacts, and opportunities extend to our supply chain. Focus areas include: facility services and logistics, building maintenance and projects, IT systems, insurance, lease cars and business travel, marketing and communications support, and other professional services.**

**To manage our supply chain risks, we require all vendors above a certain spend threshold to meet the environmental, social and governance standards set out in the Allianz Code of Conduct, Procurement Policy and Purchasing Principles. Our standards are aligned with International Labor Organization (ILO) standards and the UNGC.**

## 2017 HIGHLIGHTS:

- Vendor Code of Conduct signed by 922 suppliers since 2015.
- 77% of our global vendors, representing a total spend of 1.7 billion Euro, signed our Vendor Code of Conduct.
- 3888 Vendor Integrity Screenings since 2010.

## THE ALLIANZ VENDOR CODE OF CONDUCT

Our Vendor Code of Conduct stipulates the standards our vendors must meet with regards to fair labor practices including modern slavery in the supply chain, human rights and non-discrimination, environmental protection and sustainability.

Vendors must comply with all applicable laws and regulations, industry standards, agreements and guidelines regarding the environment and sustainability and, where appropriate, establish policies and management practices that encourage environmental stewardship in their own supply chain.

## ASSESSING VENDOR RISK AND COMPATIBILITY

We require all vendors with a contract value over a certain threshold (defined locally by market) to undergo a vendor screening procedure to ensure compliance with the Allianz Group Standard for Procurement. This is designed to ensure due diligence and mitigation against counter-party risks. In 2017, we integrated

Vendor Code of Conduct and environmental management-related questions into the new procurement system registration and supplier screening process.

With the implementation of the new procurement system, the vendor integrity screening and Code of Conduct process is now integrated as a prerequisite for sourcing and contracting with the supplier. As a result, we do not expect the supplier base and screenings to increase significantly.

Since 2010, we have conducted 3,888 vendor integrity screenings. To assist our operating entities, we maintain a globally accessible database listing all vendors that have undergone this vendor screening, including risk ratings and measures for mitigation.

## LOOKING AHEAD

We will develop our supplier portfolio and strategy using supplier sustainability footprint as a criteria.

We will also automate assessment of supplier sustainability performance using external sources.

Our aim is to further enhance the percentage of our global vendors who have signed the Vendor Code of Conduct.

**"Sustainability doesn't stop at what we do but extends all the way across our supply chain. We demand high environmental, social, and governance standards from all of our major vendors through the Allianz Vendor Code of Conduct. Where possible we request sustainability certification (e.g. facility selection) from our suppliers. We sign most of our contracts paperless. Beyond that we are constantly looking for ways to make our relationships with all of our vendors more sustainable such as reducing trips for deliveries or packaging waste in the ordering process."**



**Martin Rädler**

Chief Procurement Officer;  
Global Sourcing and Procurement,  
Allianz Technology

# OUR ROLE AS AN ATTRACTIVE EMPLOYER



## HIGHLIGHTS:

- 72% Highest score to date in the Inclusive Meritocracy Index (IMIX) – our key measure of cultural change.
- 66% favorable votes in Work Well Index, also highest score to date.
- 37.6% of Allianz managers in our core business are women.

## CHALLENGES:

- Engaging all Allianz employees to deliver the Renewal Agenda.
- Maximizing the opportunities offered by data analytics and strategic workforce planning to make Allianz fit for the future.
- Transforming the Human Resource (HR) function across operating entities to one global HR function and deploying a state-of-the-art and harmonized IT system and processes.

"The transition to the digital economy is irreversible. We are working as one Allianz to turn this development into benefits for our customers and employees. This means preparing all our employees for a period of change that will be co-shaped by Allianz. We are investing in systematic workforce planning to assess the impact of digitalization: which roles will be needed in the future and how will we develop the right talent in time. Offering state-of-the-art digital learning platforms will up-skill our existing workforce and evolving our incentive and remuneration strategies will enable everyone at Allianz to benefit from the dividends of digitalization. With these measures, I believe we can build on our value proposition to be a home for those who dare."



**Christian Finckh**  
Chief HR Officer,  
Allianz SE

# ATTRACTIVE EMPLOYER: OUR APPROACH

Allianz is “the home for those who dare”. Without people who drive change, our long history would not have been as successful as it is. At the same time, the economic environment in which we operate is radically changing. This has a significant impact on our role as an employer; we depend on having the best people in place, and keeping them motivated and engaged to successfully deliver our business strategy and goals.

At Allianz, we foster a working environment where both people and performance matter. We take a stance regarding gender equality and diversity in our company, and we care for the health and safety of our employees.

Defining our future workforce requirements in a fast-changing world is one of our key challenges. Which employees do we recruit? Which trainings do we offer? And which working environment, leadership styles, development and remuneration strategies will make us an “Attractive Employer” going forward?



For more detail on United Nations Sustainable Development Goals please visit [sustainabledevelopment.un.org](http://sustainabledevelopment.un.org)



## INCLUSIVE MERITOCRACY

Inclusive Meritocracy is the term we use to describe a working environment where both people and performance matter. By introducing four globally consistent People Attributes, we aim to provide a transparent, fair, and integrated offering to attract, motivate, and retain highly qualified employees.

The People Attributes are at the core of all our activities: Customer and Market Excellence, Collaborative Leadership, Entrepreneurship, and Trust. We live by these principles and implement them in our corporate culture. They impact on all areas of HR management – from recruiting and strengthening our feedback culture to people development, promotion, and reward.

# ATTRACTIVE EMPLOYER: OUR APPROACH



## DELIVER WHILE TRANSFORMING: CREATING ONE HR FOR ALLIANZ

We continue to focus on unifying our activities into One Global Allianz HR to ensure our structure is fit for the future. To do this, we are investing over 135 million Euro in the development of our HR function between 2016–2020, taking a holistic view that considers processes, technology, people, and organization. This transformation underpins our business globally by delivering greater operational efficiency, improved insights, and analytics, along with world-class HR services and solutions for our diverse global workforce.

## DIVERSITY AND EMPLOYEE RIGHTS

We require a diverse workforce to provide the broad range of skills and experience with which we can respond to challenges and opportunities

and meet our customers' needs. Our efforts to achieve gender equality include ensuring women are well represented at all levels. We actively support employee rights and we strive to apply core human rights principles based on the United Nations Universal Declaration of Human Rights throughout our worldwide organization. As a participant of the United Nations Global Compact, we have integrated its 10 principles into our globally binding Code of Conduct. We also respect the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises and we are a signatory to the International Labor Organization (ILO) Declaration on Fundamental Rights and Principles at Work, including the ILO declaration on the freedom of association and the right to collective bargaining. To support employee rights, we were one of the first companies to create pan-European

worker participation standards and to establish a European SE Works Council under the legislation for Societas Europaea companies.

## LEARNING AND DEVELOPMENT

To enable our employees to develop to their full potential, we create an environment that encourages regular feedback and lifelong learning. A core element of our offering is Allianz University ("AllianzU"), our group-wide platform for all learning activities.

Our long-term success also depends on fostering strong leadership skills at all levels. As part of AllianzU, we are developing a "Leadership Academy" to better align our leadership development activities across the group and to execute more effectively on the Renewal Agenda and Inclusive Meritocracy target pictures.

## FAIR AND TRANSPARENT REWARD

In designing our remuneration and incentive structures to reward people in a fair and appropriate way, we use both monetary and non-monetary rewards to encourage sustainable value creation.

Our remuneration system is based on the following principles: provide a transparent, fair and integrated offering to attract, motivate and retain highly qualified employees; deliver total rewards that are competitive in the relevant markets; align remuneration with the performance of the individual and the achievement of Allianz's financial and strategic goal: 'pay for performance'; operate effectively in different performance scenarios and business circumstances; and promote risk control to avoid inappropriate risk taking.

As part of the HR transformation, we evaluated and graded all jobs globally using one consistent methodology. By implementing a common language and global understanding of roles, we will bring greater transparency around job roles and capabilities across the global organization. This will enable us to better tailor our HR programs to support individual career paths and personal development as well as strategic workforce planning, succession planning and learning initiatives. It will also support fair and equal pay initiatives.

## EMPLOYEE ENGAGEMENT

We seek employee feedback and respond to their ideas and concerns to keep our people committed and to benefit the organization. The annual group-wide Allianz Engagement Survey is one of our key tools for gathering employee feedback. As part of our commitment to Inclusive Meritocracy, we are increasing the transparency and communication of results and engaging employees in shaping our response.

## HEALTH AND WELLBEING

The health, safety, and wellbeing of our employees is a top priority and we actively promote their physical and mental health. Our global Work Well Program focuses on systematically analyzing root causes of work-related stress, identifying effective solutions, and making changes to the work environment that enable our employees to realize their full potential. To track the program's impact, we have developed the Work Well index, a scientifically validated tool that measures work-related psychosocial stress (see page 65).

# ATTRACTIVE EMPLOYER: BUILDING A CULTURE WHERE PEOPLE AND PERFORMANCE MATTER: INCLUSIVE MERITOCRACY



## Building a culture of leadership: Multi Rater Feedback

In 2017, we continued embedding our four People Attributes in our new standards for recruiting and onboarding and introduced of a new global performance management system. It includes an innovative multi-rater feedback tool which enables employees to gain feedback on their performance and supports managers in assessing the individual performance and development needs of employees.

The Multi Rater Feedback process took place for the second time this year and was rolled out to all Allianz Executives. Executives were rated by on average 15 respondents based on their perceived performance against the 4x3 People Attributes. Over 5,000 executives across 49 operating entities took part, up from around 1,000 in 2016. More than 95,000 questionnaires were distributed with an overall completion rate of 81%.

The Multi Rater Feedback results support the managers when assessing the Individual Performance of their employees as part of Performance Management process and when identifying development areas.

In 2017, we achieved our highest score to date of 72% in the Inclusive Meritocracy Index (IMIX), which measures progress towards a culture where both people and performance matter.

We encourage a positive attitude towards change and ensure that our People Attributes shape our corporate behaviour in all relevant HR processes globally, from recruiting and talent management to learning and performance.

Our activities in 2017 included:

- Fostering collaboration across business lines and operational entities to eliminate silo-thinking, promote best practice sharing and implement agile project management tools;
- Increasing mobility of employees across functions, business divisions and countries;
- Addressing target behaviors and integrating the Allianz People Attributes into performance management and other HR processes such recruitment and talent management;
- Promoting open and honest two-way communication and promoting a stronger feedback culture including piloting a new Feedback App.
- Scaling up-skilling and capability-building - offering digital learning initiatives to prepare our employees for the impact of digitalization.

Our IMIX rating was

**72%**

in 2017, our highest score to date.

## EMBEDDING INCLUSIVE MERITOCRACY

In 2017, we began a group-wide rollout of Renewal Agenda-related online learning initiatives. Inclusive Meritocracy Virtual Classrooms were attended by more than 6,400 users. We will extend these virtual classrooms to all employees in 2018 and translate materials into French, German, Italian, and Spanish. Other digital education offerings include Time Warp, eBites, and our Open Source Online Learning Library (see pages 60 and 61).

# ATTRACTIVE EMPLOYER: LEADING OUR PEOPLE INTO A DIGITAL FUTURE

Digitalization has already changed the way Allianz operates, and will even more so in the future. The number of people working on repetitive and basic operational tasks is likely to decrease, while the number working in areas with customer contact, such as providing advice and services, is likely to increase. We are actively preparing for the changes and aiming to soften the likely impact on our employees by embracing and leading, rather than reacting to, change.

## SYSTEMATIC WORKFORCE PLANNING

We are actively working on what the transition to a digital world means for our business and our people. In 2017, we launched a project to assess the future workforce impacts of digitalization. Ultimately, we will identify gaps in the existing skill sets of our employees and take action to fill them. We are currently piloting the approach in select areas of the business and plan to roll out similar projects to all areas of Allianz in 2018.

## DIGITAL SKILLS AND CAPABILITIES

For individual employees, the differentiator will be their ability to acquire or adapt skills in line with changing needs of the workplace. We are responsible for making sure all our employees are equipped for the future, be it within or outside of Allianz. We spend over 150 million Euro annually on learning. Going forward, we will focus this investment more towards lifelong employability and digital skills. As part of AllianzU, in the first quarter of 2018, we will launch LinkedIn Learning@Allianz. This state-of-the art online learning solution will help leverage high quality learning content on digital skills and enrich it as needed for Allianz's specific needs. We are also developing "learning paths" for different

employee groups to define appropriate learning content and offer the flexibility to fill individual skill gaps. All employees will have access to all content available on LinkedIn Learning.

## PROVIDING INCENTIVES

We want to motivate our employees to contribute to the Renewal Agenda and our digital transformation. In 2018, we will unlock the "digital dividend". We will incentivize digitalization by adjusting our Employee Share Purchase Program (ESPP) so that employees can benefit directly from the dividends of digitalization. In the future, we will significantly improve the conditions based on productivity gains. Our strategy includes:

- Sharing the "digital dividend" with employees via a revised market-competitive and attractive employee share purchase program;
- Linking to efficiency and digital agenda through attractive conditions; for example if digital KPIs are achieved, doubling the discount and offering one share as a gift (tax free) to all employees;
- Increasing participation by extending ESPP to all employees globally;
- Aligning employees' interests with those of shareholders in long-term value creation by extending holding period of shares.

We are already offering some new and exciting digital education offerings.



## Time Warp

Time Warp is an interactive and playful online learning program to develop basic digital skills. It is currently being rolled out to all Allianz employees globally. Participants can take on a learning journey with Bluegenia, the Allianz eagle, as well as with Carl and William, the founders of Allianz. During the learning journey, participants find out

more about the general impact of digitalization, its implications for the insurance industry and workplace, and how learning and leadership will change in the digital age. The global rollout started in November 2017 and happened in three waves. The online training is currently offered in four languages (English, German, French, Spanish) and 2,782 employees have participated.

# ATTRACTIVE EMPLOYER: LEADING OUR PEOPLE INTO A DIGITAL FUTURE



## Open Source Online Learning Library

Our customers are increasingly requesting digital solutions and personalized products and services. New trends like artificial intelligence, robotics, and agility are disrupting all industries. It is not enough to only be aware of these developments – all Allianz employees need to truly understand the implications for our industry, our customers, and our company. To help achieve it, we have developed an open source learning library that aims to provide an overview of digital trends and a thorough understanding of key topics. It is globally accessible through the company's intranet and currently covers 13 key topic areas including Design Thinking, Agility, Big Data, Organizational Change, Block Chain, Artificial Intelligence, and Bots/Robotics. More topics will follow next year as the library is constantly extended and updated.

## eBites

eBites are short and entertaining videos on the company's global intranet, designed to provide employees with insights on current hot topics in digitalization. They also cover useful search engine tricks, data aggregation tools, and tips and tricks regarding the internet.

## LOOKING AHEAD

To prepare our employees for the impact of digitalization, we are planning to implement three key initiatives next year:

**Systematic workforce planning:** to understand which roles we will need in future and how we can manage the transition and find the right talent in time.

**Lifelong learning:** Developing a state-of-the art digital learning program to up-skill our existing workforce and help them acquire the required digital skills. Rollout of LinkedIn Learning for all employees globally in the first quarter of 2018.

**Incentives:** Share "digital dividend" with employees via a revised Employee Share Purchase Program.

## Co-operating with employee representatives: Social Dialogue 2.0

To successfully implement change, it is crucial we engage closely with the employee representatives. The Social Dialogue was set up at Allianz in 2007 and was followed by an additional forum at the pan-European level the following year. Given the progress of Allianz's Renewal Agenda and the increased pace of change we will face due to changing external factors such as the digital revolution, it was agreed in 2017 to adjust the setting and scope of meetings. Frequency of meetings will change from twice to four times per year and meetings will follow a more interactive format, including sessions with external guest speakers to get input on the most current research and bring all members of the Social Dialogue to the same level of knowledge. Moreover, meetings will be extended to global representatives including Allianz Partners, AGCS, and Allianz Technology.

The main focus areas of the Social Dialogue 2.0 going forward will be:

### 1. Working in changing times

Looking at the working environment to inspire innovation and serve as a starting point for discussion around change initiatives. Exemplary focus topics will include organization of work, changing requirements of leadership, and use and development of Corporate Social Media.

### 2. Following up on existing agreements

Focus topics to include Lifelong Learning, Stress Policy, and the Joint Declaration on Telework.

### 3. Social Impact Management

Considering the impact of current and planned strategic initiatives on employees, including the overall implications of new ways of working on the workforce and the fit of employee representation in global structures.

With this changed setting and scope, the Social Dialogue will offer a unique platform for Allianz and its employee representatives to work together on shaping the future of all Allianz employees worldwide in a positive way and preparing them for the upcoming changes.

# ATTRACTIVE EMPLOYER: LEARNING AND DEVELOPMENT

In the face of a rapidly changing context, ensuring our employees continuously develop their skills and have the opportunity to reach their full potential enables us to remain agile and responsive. This is why we launched 'AllianzU' (Allianz University) in 2016. Our new learning platform will enable us to provide every employee across the entire Group with the right development program to support their continuous development.

## 2017 HIGHLIGHTS:

- 70.9% employees took at least one targeted training session.
- Average of 3 days of training per employee.
- 150 million Euro invested annually in training.
- In addition, 90 million Euro equivalent reported working time spent on training.

## LEARNING

We use a wide range of learning and development approaches to develop our people including on-the-job learning, mentoring and coaching, classroom training workshops, peer circles, and digital/mobile learning. We spend over 150 million Euro annually on learning, which amounts to over 1,000 Euro per employee.

More than half of our employees globally take part in at least one targeted training session a year. Performance and development reviews provide an important platform to enable individuals and managers to discuss competencies, skills, experience, performance and potential.

The percentage of employees undergoing at least one targeted training session in 2017 was 70.9%, with an average of three days of training per employee (total salaried workforce).

Annual Career Development Conferences (CDCs) provide an opportunity for business leaders to discuss team members' individual performance. They also systematically identify candidates who are able to take on roles at the next management or expert level, helping to foster mobility across countries, business units and functions. This mobility is part of our talent strategy. We encourage our employees to regularly switch their positions and have established tools such as job swaps or defined rotational positions. We have also established an "internal headhunter" position, who shall ensure that identified moves are being implemented.



In this year's DJSI, Allianz became the leader of the insurance sector for the human capital development with a score of

# 100%

## PROMOTING LIFELONG LEARNING

As the global workplace and our company structures and processes continue to evolve, those who work on their learning skills over the long term will be best prepared to respond to emerging trends and the qualifications these will be required. In 2012, we signed a pan-European agreement on guidelines for lifelong learning, which apply to all Allianz companies in the E.U. member states and the contracting states of the European Economic Area and Switzerland. As part of this commitment, we aim to help our employees become fit for the future. Lifelong learning is a key part of our strategy for implementing technological and

organizational restructuring measures in a way that is socially responsible. A systematic process will also improve quality and enhance the employability of people in the labor market.

Because we operate in a competitive employment market where there is a shortage of skilled employees in certain critical functions, we focus on recruiting and training specialists in particular areas. For example, our Global Actuarial and Risk Development Program is aimed at senior actuaries and risk managers and our Property and Casualty Academy, aims to strengthen underwriting and pricing capabilities and make best practice available throughout the Group. We also have programs to develop talent and leadership in areas such as finance, communications, market management, and operations.

# ATTRACTIVE EMPLOYER: DIVERSITY AND INCLUSION

## 2017 HIGHLIGHTS:

- 54 nationalities represented at executive levels across the Group.
- 37.6% of Allianz managers were women in our core business.
- 18th on the Thomson Reuters Diversity & Inclusion Index.
- Listed in the Bloomberg Gender Equality Index

## PROMOTING DIVERSITY AND INCLUSION IN OUR WORKFORCE

We are proud of our diverse workforce that includes people from many different nationalities and backgrounds. We believe in the positive effect of a diverse workforce on our success and innovation – be it gender, ethnicity, age, religious belief, education, sexual orientation, disability, or nationality.

We promote diversity and inclusion by empowering employees and developing people based on individual performance and demonstrated potential. Our Board of Management is committed to diversity. The Global Inclusion Council, which was founded in 2007, is responsible for driving the success of our Diversity and Inclusion Strategy.

Consistent with our Code of Conduct, we have a zero tolerance policy for discrimination and harassment in the workplace. We actively train people on the topic of unconscious bias to increase awareness and educate on what can be done to reduce the negative impact of bias in, for example, job interviews and performance reviews.

Allianz is proud to have LGBT (lesbian, gay, bisexual, and transgender) networks in several companies. For people with disabilities, we launched the first global AllAbility Day in line with the UN International Day for Persons with Disabilities. It aims to foster awareness and promote disability inclusion, as well as to recognize the efforts that the global Allianz community championed to advance inclusion of employees and customers with disabilities.

As a result of our commitment, we are positioned 18th on the Thomson Reuters Diversity & Inclusion Index, which ranks over 4,000 companies worldwide. Allianz is also listed in the 2017 Bloomberg Gender Equality Index in recognition of our strong commitment to gender diversity.

Our workforce profile, including demographic indicators such as age and gender, is shown in the employee data section.

## WOMEN IN MANAGEMENT

We have achieved group-wide gender parity across our workforce and we aim to increase the number of women in management positions and take appropriate steps to support future female leaders. In 2017, 37.6% of managers in our core business were female (2016: 37.2%). Women represented 51.8% of our total workforce in our core business (2016: 52.4%). In our German companies (subject to co-determination) we committed to achieving at least 17% women in the first and second tiers of management below the Board by the end of 2018. Globally, we set our target for women in Boards of Management at 20% and in talent pools at 40% by the end of 2018.<sup>13</sup> By the end of 2017, we achieved 36.1%.

Specific initiatives aimed at achieving gender parity and equal opportunities in general include:

- the JET Program – our new initiative to support non-executive women in driving their career development;
- sponsorship and mentoring programs for women;
- greater opportunities for parents to manage a career alongside family commitments through flexible working and programs like Allianz Germany's 'Eltern in Führung' that supports both mothers and fathers on returning to their leadership role after parental leave; and
- a 'Woman in Leadership' deep dive analysis by Allianz Life in the U.S. to understand what could be done to increase women at Director level, leading to an increase of 2% since 2015, up to 37%.

## Attracting employees with disabilities

We are strongly committed to creating workplaces where employees with disabilities are able to perform at their best. This is evident around the Group through the multitude of initiatives:

- Allianz France has a comprehensive program in place offering services for visually impaired customers and runs a pilot in IT to work with people with autism.
- Allianz Partners has been working with visually impaired employees at their contact centers in Italy and Brazil for several years.

# 37.6%

of managers in our core business were female in 2017.

- Allianz Technology India's Talking Hands program educates employees in sign language and has been adopted by five other subsidiaries.
- Allianz UK re-worked its workplace adjustment program and trained HR and facilities staff on disability inclusion and workplace adjustment.
- Allianz Italy launched customized trainings on digital tools for employees with disabilities.

As well as providing an inclusive environment for our employees, we also encourage inclusivity in the world of sport. We have partnered with the International Paralympic Committee (IPC) since 2006. Our long-running partnership helps to increase awareness and popularity of sports for people with an impairment worldwide.

## LOOKING AHEAD

In 2018, we will further underline our commitment by conducting the second global Allianz AllAbility Day and celebrating the UN's International Day of Persons with Disabilities. Participating businesses will host a variety of activities aimed at raising awareness and recognizing efforts to advance disability inclusion at Allianz.

<sup>13</sup> In 2017 we addressed the targets on German level but now widened it to the group level. (Our target for women in top management positions in our German companies (subject to co-determination) is at least 17% women at the first and second levels below the Board by the end of 2018).

# ATTRACTIVE EMPLOYER: EMPLOYEE ENGAGEMENT

An engaged workforce performs better, is more committed and delivers a strong customer focus, so we make employee engagement a high priority. Over the past seven years, the Allianz Engagement Survey (AES) has become established as our main employee feedback platform for gathering feedback and promoting a high-performance culture.

## 2017 HIGHLIGHTS:

- 84% employee survey participation rate, providing good confidence in the validity and reliability of results.
- 72% Employee Engagement Index score, the same as 2016.

## EMPLOYEE ENGAGEMENT INDEX SCORES

	2017	2016	2015
Employee Engagement Index	72%	72%	75%

We use the Employee Engagement Index (EEI) as part of the Allianz Engagement Survey to monitor employee satisfaction, loyalty, advocacy and pride within their organizations. In 2017, 122,282 employees from 60 Allianz companies were invited to participate in the survey with a response rate of 84%. Our Employee Engagement Index score remained the same as the previous year at 72%. We are pleased with this score given the pace of organizational change, which could impact on employee engagement.

We encourage managers and employees to discuss annual survey results within their teams and to jointly agree actions to address areas for improvement. The results of the AES are directly linked to the performance objectives of the Group's Board of Management.

As Allianz is building a culture of Inclusive Meritocracy, where open and honest feedback and communication is the norm, for the first time the results were shared with all eligible managers via an online dashboard within two business days of the survey closing. Allianz SE also published the 2017 AES results for all Allianz SE Group Center divisions on its intranet on the same day managers received their results.

## Acting on feedback – Allianz Engagement Survey 2017

Key learnings from the 2017 survey include:

- We saw a generally positive trend across all questions in the AES (+2ppt) which shows that we are progressing well with our change journey and towards a truly customer-centric culture.
- 86% of our employees (+3ppt above external Best-In-Class benchmark) see customer satisfaction as a high priority, but only 53% of employees feel that new ideas and ways of doing things are implemented quickly. Accordingly, while there is an awareness to listen to our customers' voice, we have to become faster in responding to it. Fostering an innovative and entrepreneurial culture and empowering our employees in their daily work, will be one of our key focus areas in the upcoming years.
- Employee perceptions around collaboration and communication, one of our key focus areas last year, improved significantly, but we still have some way to go to meet external Best-In-Class benchmarks.
- Each operating entity is now developing its own measures based on their specific survey results and focus areas.
- Simplithon: a collaborative method whereby Allianz SE colleagues submit their ideas around methods and tools to simplify the working life at Allianz. The top ideas were selected and implemented.
- Feedback dialogues: a tool to promote open and honest two-way communication between employees and managers via regular feedback sessions. The training course and materials developed make it easier to give and receive structured, helpful feedback to the participants.
- Short video sessions during which managers from different departments give insights into their business activities.
- New platforms like fireside chats with HR heads, open door formats and HR road shows allow more regular and transparent exchange between employees and HR.

## Acting on employee feedback

In response to feedback via the AES, Allianz SE launched VOICE, an initiative to give bottom-up impetus to the cultural change journey and empower employees to develop pragmatic, implementable solutions.

Sponsored by the CEO, VOICE brought together employees from different levels and functions to work on key areas of focus regarding employee engagement. They were mentored by five Board Members and, together, came up a wide range of ideas. Nine specific ideas were developed including:

# ATTRACTIVE EMPLOYER: HEALTH AND WELLBEING

**The health and wellbeing of our people directly impacts on our business success and we provide a range of initiatives that create a productive and health-promoting workplace and enable employees to prioritize health and avoid stress.**

**Activities take place in nearly all companies and are managed at country level in line with local customs and requirements. The Allianz Operating Model that is implemented across the Group ensures the HR function of each subsidiary applies the same high standard of local health and safety management.**

## 2017 HIGHLIGHTS:

- Work Well Program including its 10 minimum actions, have been started within our 50 biggest entities.
- The Work Well index (WWI<sup>®</sup>) increased from 64% to 66%.
- 41 OEs increased their WWI score in 2017.

## WORK-RELATED STRESS

Stress is one of the major health-related challenges for today's workforce and it is particularly prevalent in service oriented, desk-based jobs. We have signed a pan-European agreement on guidelines concerning work-related stress. These apply to all Allianz companies in the E.U. member states, the contracting states of the European Economic Area and Switzerland.

Flexible working in terms of location and hours, including part-time jobs at all levels, is one of the ways we can help employees manage work-related stress and work-life balance. It also supports employee engagement and motivation. Therefore, where it is possible for the business and the individual, we support flexible ways of working including Telework on a regular basis and mobile working for less regular occasions. Allianz SE's management and the (European) SE Works Council have signed a Joint Declaration on Telework which guarantees an effective operation of Telework and serves as good practice guidance for Allianz companies deploying Telework.

In 2017, flexible working options with a strong focus on mobile working were increased across multiple entities including Allianz France, Allianz Spain, Allianz GI, Allianz Technology and others.

## WORK WELL

Our global Work Well Program focuses on systematically analyzing root causes of work-related stress, identifying effective solutions and making changes to the work environment that enable our employees to realize their full potential. Our Work Well Index enables us track the program's impact. It is a scientifically validated tool to measure work-related psychosocial



## Work Well index (WWI<sup>®</sup>)

The WWI<sup>®</sup> was introduced in 2015 as a scientifically sound stress index that reliably measures the stress level of Allianz employees. It is composed of 10 equally weighted items for work-related stress, including the dimensions demands, rewards, control, support, and social capital. A higher index score is associated with better employee health and productivity.

stress which can be used to provide a deep-dive analysis of specific loads that drive work-related stress. Many of our entities have also established their own ambitious measures to counter work-related stress.

As part of the program, the Allianz Board of Management approved 10 minimum actions to be implemented within the next few years in the largest 50 companies. These actions include, for example:

- Top-down communications to break the stigma of work-related stress;
- 24/7 assistance hotlines for employees;
- Flexible working arrangements; and
- E-learning classroom seminars to help managers understand and address stress with their team members.

Program implementation is driven by a new centrally located team of specialists who support a broad network of representatives across respective entities, including HR and senior business executives.

The Work Well Program and its 10 Minimum Actions are being implemented by our 50 biggest entities. We have started a pilot using a capability maturity model in four different entities to measure the quality of actions, as well as the perceived impact on employee well-being.

In 2017, our overall indicator – the Work Well Index (WWI) – increased to 66% (2016: 64%).

## RAISING AWARENESS OF STRESS

Our stress awareness e-learning module has now been translated into five languages – English, German, French, Spanish, and Chinese. In 2017, it was introduced in 14 operating entities. Allianz SE, Allianz Investment Management and Allianz Re have trained almost 100% of people managers on health-promoting leadership behavior. Allianz SE also launched an Employee Assistance Program (EAP) to support employees in managing private or work-related psychosocial issues. The program has been introduced in about 25 entities globally.



# OUR ROLE AS A COMMITTED CORPORATE CITIZEN

"Our aim is to empower future generations to make the changes that they would like to see. This starts by providing them with opportunities around the globe, hand-in-hand with our employees."

## HIGHLIGHTS:

- 20 million Euro corporate giving (2016: 19.4 million Euro).
- Expanded Encouraging Future Generations Program with the Allianz Social Innovation Fund and Allianz Future Generations Award.
- Second Allianz World Run raised 500,000 Euro for SOS Children's Villages.
- Sixth Annual Berlin Demography Forum (BDF) focused on the impact of digitalization on demography.

## CHALLENGES:

- Scaling up our positive societal impact across all operating countries.
- Breaking down barriers facing children and young people around the world.
- Creating and encouraging an enabling environment for social ventures.



**Sabia Schwarzer**

Head of Group Communications and  
Corporate Responsibility,  
Allianz SE

# COMMITTED CORPORATE CITIZEN: OUR APPROACH

For a global company like Allianz, being a trusted and valued member of society underpins our long-term success. We act as a responsible corporate citizen to ensure our good reputation, maximize our positive contribution, and help build stronger communities – creating a more stable economy and resilient markets for our products and services.



For more detail on United Nations Sustainable Development Goals please visit [sustainabledevelopment.un.org](http://sustainabledevelopment.un.org)

## ENCOURAGING FUTURE GENERATIONS

Our Encouraging Future Generations Program gives Allianz the opportunity to invest in one of the most vulnerable groups – the group that also holds society's future potential: today's young people. It provides a global framework and focus to scale up the social contribution of Allianz's global business and operating entities. In addition, it promotes opportunities for our employees to contribute their time and expertise to support resilient future generations.



## CORPORATE GIVING

Our social contributions consist mainly of time, skills, and money. As a business, we give money through financial donations and charitable memberships, as well as through our global network of foundations. We ensure our contributions are transparent and based on clearly agreed principles – namely the Allianz Group Guidance for Donations and Charitable Memberships. This stipulates that corporate giving can only be made to organizations that are not in conflict with the principles set out in the Allianz Code of Conduct for Business Ethics and Compliance.

## EXTENDING OUR INFLUENCE

Given the challenges facing society, we believe that it is vital to work together – as partners, governments, and institutions – to identify sustainable solutions. We engage in political lobbying as part of the democratic process,

contributing our expertise and knowledge to support policy development. We share our insights to help tackle regulatory and macroeconomic challenges. We also organize issue-led events to which we invite stakeholders, including government representatives (see page 74).

We ensure that all lobbying and political networking activities are undertaken in line with the Allianz Lobbying Code of Conduct, which mandates minimum standards for contacts with representatives of politics, private sector and society.

We are a signatory of the European Union Transparency Register Code of Conduct and our Group Regulatory Affairs and Public Policy department monitors regulatory and legislative developments and channels appropriate responses.

# COMMITTED CORPORATE CITIZEN: ENCOURAGING FUTURE GENERATIONS

**Throughout its more than 125 years of heritage, Allianz has looked ahead at what the future holds. We see today's youth as the future and we believe that, to succeed, we must invest in the leaders of tomorrow.**

As a good corporate citizen, it is our responsibility to foster an environment for society to succeed. Investment is key, but transformational change requires partnership and collaboration between businesses and stakeholders. This is what drives us, as a signatory of UNGC and supporter of SDGs, to contribute to a future that goes far beyond the boundaries of our own business.

Launched in 2016, our Encouraging Future Generations Program aims to break down barriers facing children and young people by boosting our reach in our operating countries and investing in social ventures to increase their impact and create a multiplying effect.

We support initiatives with financial contributions, by sharing our expertise and through our employees volunteering their time. By giving in this way, our employees have the opportunity to develop their skills, promote community cohesion and build trust with our stakeholders along the way. Other activities include awareness campaigns, dialogues, training, awards, social partnerships and sponsoring, fundraising, donations and the initiatives of our corporate foundations.

Encouraging Future Generations is a key tool for channeling our contribution towards the SDG's, especially around quality education, social inequality, decent work, and economic growth.



## OUR ENCOURAGING FUTURE GENERATIONS STRATEGIC OBJECTIVES:

Strategic objectives include:

- Using our expertise to contribute positively to social inclusion in humanitarian, inter-cultural and economic areas;
- Caring about one of the most vulnerable groups, children and young people, so that they can grow with confidence;
- Reasoning about the social needs of future generations in an open dialogue and create innovative solutions;
- Fostering strategic partnerships and engagement using innovative formats;
- Measuring our impact on business and society;

The program focuses on three key areas:

Our **global partnership with SOS Children's Villages International** aims to build more resilient future generations.

The **Allianz Social Innovation Fund** builds on existing social initiatives developed by our operating entities and offers a framework for new projects.

The **Allianz Future Generations Award** encourages and recognizes social ventures.

# COMMITTED CORPORATE CITIZEN: ENCOURAGING FUTURE GENERATIONS

## SOS CHILDREN'S VILLAGES INTERNATIONAL GLOBAL PARTNERSHIP

We launched our global partnership with SOS Children's Villages International (SOS-CVI) in 2015. It is the largest NGO focused on supporting children without parental care and families at risk. Led by the Encouraging Future Generations focus on supporting young people, we are working together to build resilient future generations, concentrating on two key areas:

**Youth employability:** By mobilizing employees, activating networks and providing expertise, we aim to increase youth employability and support disadvantaged young people. We joined the YouthCan! initiative in 2017 - a global program that supports young people to successfully manage the transition from school to independent adulthood. Through YouthCan!, SOS-CVI and partners jointly create uplifting and inspiring opportunities to provide young people with practical experiences, skills and knowledge.

**Emergency preparedness:** With the support of Allianz, the Emergency Preparedness Program (EPREP) of SOS-CVI aims to combine cutting-edge technology, user-friendly information and an existing network of trusted local stakeholders to minimize weather- and conflict-related risks for local communities. Our aim is to turn SOS Children's Villages facilities into safe emergency hubs for local communities in the event of a disaster.

### Using technology to improve disaster risk management

2017 saw the launch of the global SOS Disaster Risk Management Strategy, funded by Allianz. This operational global incident management system is designed to improve preparedness and response operations across SOS Children's Villages. Using satellite-based early warning and damage mapping services, incident reports and emergency maps are linked to an online emergency management platform named Resilience360 (R360). The platform was originally developed by DHL. Being the first global humanitarian organization using it, SOS-CVI has been adapting it to its specific needs, with our support. The platform sets a milestone in translating early warning into early action. It will be rolled out in national and regional SOS offices over the coming years.

In addition to global activities, local partnerships between Allianz and SOS Children's Villages expanded to 15 countries, achieving our goal to increase these partnerships by 25% in 2017. Many of the partnerships include engagement opportunities for Allianz employees, such as training SOS staff and children on safety, cyber security, financial literacy, supporting renovations, and fundraising events.



### The Allianz World Run

In 2017, Allianz employees completed the second Allianz World Run, a global volunteering and fundraising event which saw 10,234 employees run a total of 1.37 million kilometers to raise 500,000 Euro for SOS-CVI. The donation will potentially benefit around 1,100 children and has enabled SOS-CVI to start the roll-out of their EPREP Program.

Together with geo-informatics experts at the University of Salzburg, SOS-CVI are carrying out Risk and Vulnerability Assessments of ten SOS Children's Villages in high-risk countries. Information derived from the assessments is used to develop tailor-made preparedness packages containing the specific essentials for

emergency situations each of the ten villages is likely to face. The packages may include tents, boats, ready-to-use therapeutic food, and medical equipment. Local staff and residents will be trained in the correct use of the material and contingency plans will be put in place. The program also supports SOS Children's Villages to act as initial "hubs" for emergency response within their surrounding communities, providing sufficient materials for at least a week after a disaster strikes until additional support arrives in the area.

Following the 2017 pilot, SOS-CVI plans to roll the approach out further, aiming to reach the 50 most vulnerable countries running SOS programs by 2020.

# COMMITTED CORPORATE CITIZEN: ENCOURAGING FUTURE GENERATIONS



## ALLIANZ SOCIAL INNOVATION FUND

We launched the annual Allianz Social Innovation Fund in April 2017 to support operating entities in delivering Encouraging Future Generations programs in their local communities. To foster innovation and creativity, operating entities can apply to win funding for impact-oriented social projects that contribute to child and youth development. The selection process in 2017 met with an enthusiastic response with 31 applications received from all over the world. The entries reflected the diverse challenges that local communities face – from inclusion of refugees and children with disabilities, to supporting victims of child kidnapping and empowering indigenous rural communities. Five projects stood out for their unique potential to deliver a long-term positive impact to society, aligned with Allianz's business and corporate responsibility strategy. They were each entitled to receive a grant of 50,000 Euro from Allianz SE.

**Allianz Thailand – Ayudhaya "Music Sharing":** Aims to provide psychological help and improve the future employment prospects of child victims of human trafficking. The three-year program encourages children and youth from home shelters to participate in music workshops with local musicians.

**Allianz Malaysia – Science of Life Studies 24/7:** Tackles the social exclusion of indigenous youth by improving their English language skills and technical training in the country's labor force. The one-year program provides education in English, information technology, personal development, mathematics, solar energy, project management, and coding.

# €50,000

grant awarded to each of five projects by Allianz SE for Allianz Social Innovation Fund projects.

### AGCS South Africa – SAME Foundation:

Developing communities through strategic education projects, particularly though needs analysis, teacher upskilling and support. The program aims to provide a local school with the necessary equipment and training to foster high-quality math and science education. It includes corporate volunteering elements, such as painting the school building and mentoring.

### Allianz Zagreb – Wholehearted Coaches:

Delivered with the Croatian Paralympic Committee, this project will establish an orientation camp for disabled children. Athletes, coaches, experts, and Allianz employees will develop a common strategy to improve the inclusion of children with disabilities and create awareness against prejudice.

**Allianz Australia – Allianz Ladder:** Aims to help young refugees from war-torn regions increase their employability by sharpening skills and learning basic leadership. The project builds on the company's 'Sustainable Employment Program', which has a long-term partner in Australia's Settlement Service International (SSI),

We will report on the outcomes of these projects in our 2018 report.

# COMMITTED CORPORATE CITIZEN: ENCOURAGING FUTURE GENERATIONS

**"The ultimate goal of our collaboration is the social inclusion of children and youth; enabling young, purpose-driven entrepreneurs to attract funding and take their venture to the next level. By design, our partnership combines Allianz's business know-how, network and public reach with the Impact Hub's global entrepreneurial community, impact investor network and the experience to make ventures investment ready. We're confident that this set-up will encourage impact investors to join forces with us and invest in these ventures, leveraging our joint efforts to encourage future generations."**



**Joscha Lautner**  
Co-Founder,  
The Impact Hub Munich

## ALLIANZ FUTURE GENERATIONS AWARD

Studies show that millennials want their jobs to be more than a pay check. They value a sense of purpose/impact on society in making decisions about their careers.<sup>14</sup> It is little surprise that the startup scene is buzzing with social entrepreneurs who need a leg-up to make the most of their potential for building a resilient society. Allianz believes in empowering those who want their businesses to deliver a societal impact by giving them a chance to learn about developing and running a successful business and attracting investment.

Launched in November 2017, the Investment Ready Program 'Encouraging Future Generations' by Allianz and the Impact Hub is a powerful acceleration program. Tailored to enable purpose-driven entrepreneurs that aim to foster social inclusion of children and youth, the Impact Hub's Investment Ready Program will engage selected participants and link them with Allianz mentors and experts. The Allianz Future Generation Award will recognize one outstanding participant with 40,000 Euro grant.

For now, the award program is open to social startups in Brazil, Germany, Malaysia, and Turkey – countries that have a vibrant social start up scene meaning there is a high demand for funding. To apply for the Investment Ready Program, initiatives must be incorporated in one of these countries and aim to tackle issues that prevent children and youth from realizing their full potential.

<sup>14</sup> <https://www.weforum.org/agenda/2017/09/heres-what-millennials-really-want-from-business>

Applicants must meet some basic requirements:

- the technology, product or solution must be proven feasible
- some initial market validation in terms of price testing, customer development and trial licensing should have delivered positive results;
- and the product or solution must be scalable.

In the first round, 10 successful applicants are selected to take part in the Impact Hub's Investment Ready Program for a period of six months. They will become part of an internationally-connected cohort promoting social inclusion of children and young people mitigating the risks from social inequality. Throughout the program, teams will be locally supported by an experienced investment coach, high level content experts, Allianz mentors and experts, investors, and powerful business tools. They will learn to navigate the impact investment scene and present their venture in various formats to raise the funds for the next level.

The support provided by the Investment Ready Program is valued at around 20,000 Euro for each social venture, and it provides invaluable networking and experience which money can't buy. Key outcomes of the program will include reviewing their business models and strategy and helping to craft a sustainable growth and investment plan. A grand finale in June 2018 will see teams pitch their ideas to a jury, with the winner receiving the Allianz Future Generations Award, which comes with a 40,000 Euro grant.

We will report on the winning teams and outcomes of the Award in our 2018 report.



## LOOKING AHEAD

- In 2018, we will maintain our focus on delivering the objectives of the Encouraging Future Generations Program.
- We are working with Phineo to launch a Tech4Impact seed fund that will promote new digital ventures tackle societal challenges.
- We will begin to report on the impact of projects launched in 2017.

# COMMITTED CORPORATE CITIZEN: CORPORATE VOLUNTEERING

Volunteering in the workplace can help employees develop important leadership skills, as well as boosting morale and employee engagement.<sup>15</sup> We encourage our employees to give their time through volunteering to share our collective financial and business skills and assist charitable organizations.

Following a pilot phase, we have migrated our corporate volunteering platform, ACT! to the Allianz Group intranet. Employees can now directly access domestic volunteering opportunities offered by the company, promoting uptake and engagement.

In 2017, Allianz employees completed more than 80,000 hours of corporate volunteering around the world. 78% of employees that took part in the Allianz Engagement Survey agreed to the following statement: "My company shows a high responsibility towards society and the environment and offers appropriate opportunities for me to get involved". (2016: 77%).

## MY FINANCE COACH

We are a founder member and parent company of My Finance Coach (MFC), a non-profit initiative that aims to improve financial literacy among 10 to 16 year-olds. Since it was launched in 2010, MFC has reached over 1,400,000 pupils all over Germany. In 2017, Allianz continued to provide financial support, office facilities, and was a member of the advisory council. In 2017, 648 Allianz employees volunteered their time to support the program. Since the foundation of MFC, 2,595 Allianz employees volunteered in the program.

A fully randomized scientific study<sup>16</sup> undertaken in 2015 by Prof. Dr. Joachim Winter (LMU Munich) suggests that financial education increases the competency in decision-making and the quality of allocating payments, as well as reducing spontaneous purchases.

## ALLIANZ TECHNOLOGY ACT NOW DAY

Following the first event held in Munich in 2016, the 2017 Act Now Day took place in Bucharest within the Allianz Technology Romania Branch. Its purpose is to bring representatives of non-profit organizations together with employees of Allianz Technology to develop practical solutions to the digital challenges facing the voluntary sector.

In cooperation with the Bucharest Community Foundation, the event brought together 20 young professionals who volunteered their expertise for a good cause.

Four social businesses were supported to help tackle their biggest current challenge: a cost analysis and a budget optimization for a bakery run by single mothers; a promotion campaign and materials for an online shop selling products handcrafted by elderly and people with severe disabilities; a social enterprise handling paper and aluminum collection and recycling that needed an integrated management system; and a bistro located in the heart of Bucharest employing people from vulnerable groups looking to increase its brand awareness and customer group. Besides expertise, each organization was handed a 750 Euro grant to support them in implementing the solutions proposed.



**"I was very impressed by the whole experience, the way in which people chose to offer us their most precious resource – time. I am grateful to these volunteers for their involvement and professionalism both during the event, but also before, when we met to discuss about our needs and the ways in which they could help us. The analysis of our costs and of our product portfolio may seem an easy thing to do, but for our bakery it meant a lot, as it allowed us to gain more overview on our efficiency and our direction and it helped us in our management decision."**

### Irina Sorescu

Executive President, Center Partnership for Equality, managing the MamaPan bakery

<sup>15</sup> In 2016, we handed over management of the Social Excellence Program to our social partner Proboneo gGmbH. The organization terminated its operations in mid 2017 and the Social Excellence Program has been discontinued.

<sup>16</sup> <https://www2.deloitte.com/us/en/pages/about-deloitte/articles/citizenship-deloitte-volunteer-impact-research.html>

<sup>17</sup> Accepted for publication with American Economic Journal: Economic Policy.

# COMMITTED CORPORATE CITIZEN: CORPORATE GIVING



Our operating entities worldwide give financial donations and charitable memberships to local organizations, and we also give through our 14 charitable foundations. Our Guidance on Donations and Charitable Memberships stipulates that such money can only be given by local entities to organizations that are not in conflict with the principles set out in the Allianz Code of Conduct for Business Ethics and Compliance.

In 2017, corporate giving of Allianz entities and foundations totaled 20 million Euro (2016: 19.4 million Euro). Given the nature of our business, this included support for disaster management.

Our 14 foundations enable us to extend our reach to tackle social, environmental and cultural issues in communities around the world. Operating independently from the company, they are linked to Allianz subsidiaries all over the world.

<sup>17</sup> Regarding the sale of the Oldenburgische Landesbank AG (OLB) please refer to the Allianz Group Annual Report 2017.



# COMMITTED CORPORATE CITIZEN: POLITICAL ENGAGEMENT

We participate in open dialogue with political stakeholders. To this end, we hold ongoing events and dialogues with governments and financial institutions to explore societal issues and communicate policy positions to support public policy development.

## LOBBYING AND POLITICAL NETWORKING

Established in 2015, Group Regulatory Affairs and Public Policy (GRAPP) is now a fully-functional center of competence for Allianz's regulatory and political activities globally. It supports operating entities with regard to regulatory and political strategy and oversees regulatory and political topics within the Group.

We are committed to democracy and we have made financial contributions for many years to political parties that support the social market economy. In 2017, Allianz Germany contributed 20,000 Euro each to CDU, CSU, SPD, Greens and FDP. Their respective youth organizations each received a grant of 10,000 Euro to support their focus on social issues of our future. Because we donate below the German Bundestag reporting threshold of 50,000 Euro, we publish a press release outlining our political donations. Donations to political parties by Allianz companies in other countries are negligible but, in any case, GRAPP controls that all donations are compliant with the respective national legislation.

## OUR POSITIONS

One of the roles of GRAPP is to develop and uphold Allianz's position on relevant political and regulatory issues. In 2017, these included:

**Digitalization and data security:** we support the European Commission's Digital Single market Strategy (DSM) and are actively contributing to public discussions, with a special focus on practicability of regulation for the Allianz Group.

## The sixth Berliner Demography Forum: "Learning and Integration".

In February 2017, the sixth Annual Berlin Demography Forum (BDF) was held to raise awareness and explore solutions to the long-term consequences of a demographic change. Co-organized by Allianz, the event brought together over 250 leading international experts from academia, media, politics, business community and civil society over two days.

Promoting education is a key focus of our participation in society. The changes of the working world must be met with sustainable qualifications and lifelong learning. Through this, our increasingly digital society will be able to facilitate greater integration and strengthen people's sense of social responsibility. Our goal in this context was to understand the role of learning and identify opportunities for action by exploring questions such as:

How should career orientation be changed in order to develop the full potential of the people of Europe?

What conditions need to be created to develop the full potential of people from outside Europe?

What might future education and advanced training look like for young people?

How do demographic factors like health and nursing contribute to successful education and integration?

How do we prevent the polarizing of society?

The experts – among them Hermann Gröhe, German Federal Minister for Health; Manfred Knof, CEO of Allianz Germany; Professor Aderemi Kuku, President of the African Academy of Science; and Professor Ursula Staudinger, Columbia University - discussed how digitalization is a new factor for demography. Many jobs will change or disappear in the next 10 years. This will lead to new challenges for social cohesion, and we will see new places for study, work, and life.

**Global insurance capital standards (ICS):** we support the development of global comparable capital standards and we believe current approaches must converge over time to achieve true comparability.

**Systemic risk regulation:** as a Global Systemically Important Insurer, we participate in consultations, field testing, and working groups to better understand the implications of the capital requirements for the Allianz Group and advocate our position in regulatory dialogue.

**Consumer protection:** we are involved in discussions around the Insurance Distribution Directive and the implementation of the new regulation for Packaged Retail Insurance-Based Investment Products. We also contributed to discussions on the initiative for a pan-European Personal Pension Product (PEPP).

**The E.U. Capital Markets Union (CMU):** we fully support and actively contribute to public discussion and consultations on the CMU's objectives to create deeper and more integrated capital markets in its 28 Member States, in particular those fostering long-term investments.

# ABOUT THE REPORT

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# OVERVIEW OF OUR MAIN TARGETS AND ACHIEVEMENTS PER STRATEGIC PILLAR

## LOW-CARBON ECONOMY

Targets	Target – SDG link	Achievements in 2017
• Increase debt and equity investments in renewable energy in the mid-term.	7.1, 7.2	<ul style="list-style-type: none"> <li>One billion Euro new debt and equity investments in renewable energy in 2017, with a total of 5.6 billion Euro.</li> </ul>
• 30% reduction of CO <sub>2</sub> emissions per employee by 2020 (2010 baseline).	13.2	<ul style="list-style-type: none"> <li>Divestment of 40 million Euro in equities from coal-based business models (total to date: 265 million Euro); run-off of 0.9 billion Euro in fixed income investments (total to date: 4.8 billion Euro).</li> </ul>
• 30% reduction in energy consumption per employee by 2020 (2010 baseline).	13.2, 12.2	<ul style="list-style-type: none"> <li>We retired 425,367 carbon credits.</li> </ul>
• 40% paper reduction by 2020 (2014 baseline).	13.2, 12.2	<ul style="list-style-type: none"> <li>Launched systematic approach for engagement with investee companies on ESG grounds.</li> </ul>
• Further investigate a more holistic role of green energy in our operations.		<ul style="list-style-type: none"> <li>165 Sustainable Solutions generated 1.21 billion Euro in revenue.</li> <li>Reduced CO<sub>2</sub> emissions by 17% per employee against our 2010 baseline.</li> <li>29% cut in energy consumption from office buildings per employee against our 2010 baseline.</li> <li>40% of the energy we used came from renewable, low-carbon sources.</li> <li>Achieved a 27% paper reduction per employee against our 2014 baseline.</li> <li>The scope of our EMS included 91.1% of employees.</li> </ul>



For further information on how we align our targets with the SDGs  
please see [our website](#).

# OVERVIEW OF OUR MAIN TARGETS AND ACHIEVEMENTS PER STRATEGIC PILLAR

## SOCIAL INCLUSION

Targets	Target – SDG link	Achievements in 2017
<ul style="list-style-type: none"> <li>Hold the Encouraging Future Generations Day to address our Social Inclusion pillar and create a dialogue platform for stakeholders.</li> <li>Develop KPIs and measurement tools for the Social Inclusion pillar.</li> <li>Align Social Inclusion pillar activities with our focus SDGs.</li> <li>Continue to roll out the active partnership with SOS Children's Villages to 18 countries in total during 2018.</li> <li>Continue to roll out the Resilience 360° platform within SOS Children's Villages in 2018, an early warning and emergency management tool for natural and man-made catastrophes.</li> <li>Continue to roll out the Allianz participation in YouthCan!, a global program led by SOS Children's Villages to foster youth development in two pilot countries in 2018.</li> </ul> <p>Encouraging Future Generations group-wide projects:</p> <ul style="list-style-type: none"> <li>Second cycle of Investment Ready Program with the Impact Hub to be launched in 2018.</li> <li>Social Innovation Fund to be reopened for application from operating entities worldwide.</li> <li>Enhance the employee volunteering program within Allianz Group.</li> <li>Tech4 Seed-Fund to support young entrepreneurs develop digital solutions that solve societal challenges (planned for 2018).</li> <li>40% target for women in talent pools.</li> <li>Achieve at least 17% women in top management positions (women at the first and second levels below the Board) in our German companies (subject to co-determination) by the end of 2018.</li> <li>Continue to implement the 10 minimum actions within the Work Well program.</li> </ul>	–	<ul style="list-style-type: none"> <li>Distributed, in total, 250,000 Euro through the Social Innovation fund to five operating entities.</li> <li>Successfully launched the Investment Ready Program with the Impact Hub with four operating entities (Brazil, Germany, Malaysia and Turkey).</li> <li>Continued to roll out the three-year global partnership with SOS Children's Villages.</li> <li>Second annual Allianz World Run engaged 10,234 employees, raising 500,000 for SOS Children's Villages.</li> <li>My Finance Coach reached so far over 1,400,000 pupils all over Germany. In 2017, 648 Allianz employees volunteered.</li> <li>More than 80,000 hours of corporate volunteering.</li> <li>Corporate giving totaled 20 million Euro.</li> <li>58 million customers in the emerging consumers market, with 265.5 million Euro revenues.</li> <li>72% Employee Engagement Index score (EEI).</li> <li>72% score in the Inclusive Meritocracy Index (IMIX).</li> <li>84% global response rate to participate in the Employee Engagement survey.</li> <li>66% score in the Work Well index (WWI) in 2017.</li> <li>90.8 million Euro invested in employee training.</li> <li>54 nationalities represented at executive levels across the Group.</li> <li>37.6% of managers in our core business were female.</li> <li>Women represented 51.8% of our total workforce in our core business.</li> </ul>
	4.4, 4.5, 10.2	
	1.5, 13.1, 11.5	
	4.4, 10.2	
	–	
	8.3	
	–	
	8.3, 10.2	
	5.5	
	5.5	
	–	



For further info on aligning our targets with the SDGs  
please see [our website](#).

# OVERVIEW OF OUR MAIN TARGETS AND ACHIEVEMENTS PER STRATEGIC PILLAR

## BUSINESS INTEGRATION

Targets	Target – SDG link	Achievements in 2017
<ul style="list-style-type: none"> <li>Allianz Real Estate to launch a new ESG framework in 2018.</li> <li>Support UNEP-FI Principles for Sustainable Insurance (PSI) to develop an industry-wide ESG standard until 2019.</li> <li>Full implementation of the ESG engagement approach with investee companies until 2019.</li> <li>By the end of 2018, the Allianz Group aims to achieve a step-change global Net Promoter Score (NPS) performance, with 75% of our business segments above market or in a loyalty leader position.</li> <li>The Allianz Group aims to achieve 72% share of digital outbound communication during 2018.</li> <li>Global crossfunctional project to address upcoming changes in the E.U. General Data Protection Regulation (GDPR) across Allianz Group companies by May 2018. In 2018, we will further roll out an enhanced assurance approach, comprising of a more detailed risk scoping, a maturity self-assessment and further control testing.</li> </ul>	17.14 104, 10.5, 12.6  12.6, 17.14  –  –  –	<ul style="list-style-type: none"> <li>Rolled out the ESG Scoring approach to our complete portfolio for our proprietary investments.</li> <li>Allianz Real Estate developed a new ESG approach in 2017.</li> <li>Integrated sustainability and environmental management policy questions into our standard tender process in 2017.</li> <li>In 2017, 65% of our outbound communication was digital.</li> <li>Gold Class Sustainability Award by RobecoSAM (DJSI) and highest placed insurer.</li> <li>94% score for ESG in insurance integration by DJSI.</li> <li>Launched a new approach for ESG engagement with investee companies.</li> <li>ESG functions conducted 583 ESG assessments based on the guidelines.</li> <li>127.5 billion Euro SRI investments across both AllianzGI and PIMCO.</li> <li>PIMCO developed a dedicated ESG investment platform.</li> <li>99% of our assets under management were managed by asset managers who are either PRI signatories or who have an ESG policy in place.</li> <li>Vendor Code of Conduct signed by 922 suppliers since 2015.</li> <li>60% of the business segments measuring NPS*, significantly performed above the market average.</li> <li>Fully-automated Privacy Impact Assessments for high-risk processes that use personal data.</li> <li>Developed and deployed Allianz's Digital Privacy Guidelines.</li> <li>Approx. 6000 trained Leaders in Integrity.</li> </ul> <p>* Focus on retail business.</p>



For further info on aligning our targets with the SDGs  
please see [our website](#).

# MEMBERSHIPS AND PARTNERSHIPS

Below is an excerpt of some of our memberships and partnerships

## MEMBERSHIP:

Founders Circle, the B Team

Member, Cambridge Institute for Sustainability Leadership (Investment Leaders Group (ILG))

Investor Member, CDP (formerly Carbon Disclosure Project)

Investor Signatory, Climate Action 100+

Member, Insurance Development Forum (IDF)

Member, Institutional Investors Group on Climate Change (IIGCC)

Member, International Corporate Governance Network (ICGN)

Member, Munich Climate Insurance Initiative (MCII)

Member, Portfolio Decarbonization Coalition (PDC)

Signatories<sup>18</sup>, Principles for Responsible Investment (PRI)

Signatory, Principles for Sustainable Insurance (PSI)

Founding Member, UN Environment Finance Initiative (UNEP FI)

Member, UN Global Compact (UNGCG)

## PARTNERSHIPS:

Partnerships with the German Corporation for International Cooperation (GIZ)

Partnership with the International Finance Corporation (IFC) (World Bank Group)

Partnership with SOS Children's Villages International (SOS-CVI)

Partnership with Impact Hub

Partnership with International Paralympic Committee (IPC)

<sup>18</sup> Allianz SE, AllianzGI, PIMCO are separate signatories to the PRI.



# KEY SUSTAINABILITY DATA

## SUSTAINABLE SOLUTIONS

	Number of Sustainable Solutions			Revenues in € mn <sup>19</sup>		
	2017	2016 <sup>20</sup>	2015 <sup>20</sup>	2017	2016 <sup>20</sup>	2015 <sup>20</sup>
Sustainable Solutions	<b>165</b>	166	162	<b>1,208.4</b>	1,185.5	727.6
thereof	– Sustainable Insurance Solutions	<b>121</b>	123	123	<b>951.9</b>	883.0
	– Emerging Consumer Solutions	<b>25</b>	25	21	<b>256.5</b>	302.5
	– Sustainable Asset Management Solutions	<b>19</b>	18	18	out-of-scope	

<sup>19</sup> Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability.

<sup>20</sup> Data from 2015 and 2016 has been restated as a result of improvements in data availability and data quality.

## EMERGING CONSUMERS

As of 31 December 2017	2017	2016	2015 <sup>21</sup>
Gross Written Premiums (€ m)	<b>256.5</b>	302.5	154.8
Thereof from non-consolidated entities (i.e. India)	<b>228.8</b>	278.4	126.9
No. of in-force insured people (m)	<b>58.7</b>	55.3	61.2
Thereof from non-consolidated entities (i.e. India)	<b>51.6</b>	49.0	55.6

<sup>21</sup> Data from 2015 has been restated as a result of the redefinition of Emerging Consumers.



# KEY SUSTAINABILITY DATA

## SUSTAINABLE AND RESPONSIBLE INVESTMENTS (SRI): THIRD-PARTY ASSETS

Our asset managers, PIMCO and AllianzGI, offer a range of Sustainable and Responsible Investment (SRI) products and services, providing customers with new choices that deliver financial, social and environmental returns, and using strategies such as a best-in-class approach, impact investing, negative screening or exclusions.

	2017	2016	2015
Third Party Assets under Management managed using SRI/ESG approaches (as of 31 December 2017)			
Total Third-party Assets under Management (€ bn)	<b>127.5</b>		
PIMCO (third-party assets only) (€ bn)	<b>114.5<sup>22</sup></b>	115.6	82.1
AllianzGI (third-party assets only) (€ bn)	<b>13.0<sup>23</sup></b>		

<sup>22</sup> Please note, that slight decrease in Euro amount is due to U.S. Dollars/Euro exchange rate. U.S. Dollars values are 2016: 127.19 billion; 2017: 137.46 billion.

<sup>23</sup> The coverage of AllianzGI data is limited to Europe and parts of other regions.

## RENEWABLE ENERGY INVESTMENTS

	2017	2016	2015
Renewable energy portfolio: Total € bn invested	<b>5.6</b>	4.6	2.8
- Private Equity (€ bn)	<b>3.7</b>	3.5	2.4
- Infrastructure Debt (€ bn)	<b>1.9</b>	1.1	0.4
Renewable Energy equity portfolio: total number of wind and solar <sup>24</sup>	<b>88</b>	78	67

<sup>24</sup> Please note that the total number of wind and solar have been restated for 2016 and 2015.

## ENVIRONMENTAL DATA

Our reporting on environmental data generally follows the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative. The Group's carbon footprint is oriented towards the Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard. For data compilation, Allianz further applies the standards developed by the Association of Financial Institutions for Environmental Management and Sustainability (Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstitutionen 'VfU') as they are tailored to financial services institutions. Detailed guidance for environmental data compilation is further defined in internal guidelines for environmental reporting.

(+) Click [here](#) to view the Explanatory Notes.

## GHG EMISSIONS<sup>25</sup>

(CO <sub>2</sub> e metric tonnes)	2017	2016	2015
Scope 1 – Direct GHG emissions, total	<b>52,527</b>	54,284	60,784
Scope 2 – Indirect GHG emissions (market based) total <sup>26</sup>	<b>191,251</b>	182,964	170,137
Scope 2 – Indirect GHG emissions (location based) total <sup>26</sup>	<b>280,235</b>	278,747	
Scope 3 – Other indirect GHG emissions, total	<b>181,589</b>	173,277	170,749
Scope 1–3 GHG emissions, total	<b>425,367</b>	410,525	401,670
KPI: Total GHG emissions per employee	<b>3.03</b>	2.94	2.83

<sup>25</sup> Please note, that the data for 2016 has been restated, for further details, please see our [explanatory notes](#).

<sup>26</sup> Electricity scope 2 emissions is in CO<sub>2</sub> due to data availability (IEA).

## ENERGY<sup>25</sup>

	2017	2016	2015
Total energy consumption (GJ)	<b>2,991,902</b>	2,969,329.9	2,893,503
Energy consumption from our office buildings (GJ) <sup>27</sup>	<b>2,436,375</b>	2,494,055	2,561,412
Energy consumption from our data centers (GJ) <sup>27</sup>	<b>555,527</b>	475,275	332,092
KPI: Energy consumption from office buildings per employee (GJ) <sup>27</sup>	<b>17.3</b>	17.9	18.04
Electricity (%)	<b>72.6</b>	71.5	70.4
Fossil fuels (%)	<b>15.6</b>	18	18.5
Long-distance heating (%)	<b>11.5</b>	11.1	10.9
Other (energy from own sources including photovoltaic, internal waste heat) (%)	<b>0.3</b>	0.3	0.2
Green electricity as a share of total electricity used (%)	<b>39.8</b>	41.4	39.2

<sup>27</sup> We are in the process of consolidating our global data center estate. The reported energy consumption relates to our four strategic data centers in Europe and the US and further data centers will be part of our reporting scope from 2018. Up to the end of this consolidation program, the energy consumption from some local data centers will be included in the energy consumption reported for office buildings.

## WATER

	2017	2016	2015
Total water consumption (m <sup>3</sup> )	<b>1,940,030</b>	<b>1,887,526</b>	1,915,934
Water consumption per employee (liters)	<b>13,805</b>	<b>13,536</b>	13,496
Drinking water (%)	<b>86.6</b>	<b>87.2</b>	85.4
Rain water (%)	<b>0.3</b>	<b>0.4</b>	0.3
Natural water (%)	<b>13.1</b>	<b>12.4</b>	14.4

# KEY SUSTAINABILITY DATA

## WASTE

	2017	2016	2015
Total waste (tons)	<b>21,474</b>	21,438	21,104
Waste per employee (kg)	<b>153</b>	154	149
Waste incinerated (%)	<b>39.5</b>	43.3	40.0
Waste recycled (%)	<b>40.7</b>	40.2	42.2
Waste to landfills (%)	<b>19.4</b>	15.9	17.1
Special waste treatment (%)	<b>0.3</b>	0.6	0.8

## PAPER<sup>28</sup>

	2017	2016	2015
Total paper consumption (metric tons)	<b>14,038</b>	16,325	17,615
Paper consumption per policy (kg/1000 policies)	<b>98</b>	117	124
Recycled paper (%)	<b>37.2</b>	37.0	35.2

<sup>28</sup> Please note, that the data for 2016 and 2015 have been restated, for further details, please see our explanatory notes.

## TRAVEL

	2017	2016	2015
Total travel (km)	<b>952,221,036</b>	917,846,303	914,405,025
Travel per employee (km)	<b>6,776</b>	6,582	6,441
Road travel (includes business travel by rental car, fleet car and private car) (%)	<b>40.7</b>	43.9	47.5
Air travel (%)	<b>51.5</b>	47.5	44.6
Rail travel (%)	<b>7.8</b>	8.5	7.8

## INCOME TAXES PER REGION<sup>29</sup>

Region	Income taxes in €mn 2017	Income taxes in €mn 2016
Americas	<b>883</b>	851
Asia Pacific	<b>171</b>	36
Europe	<b>1,864</b>	2,132
Other	<b>22</b>	23
Overall total	<b>2,941</b>	3,042

<sup>29</sup> Data not included in the assurance scope of the external Sustainability Report assurance. Reporting started with reporting period 2016.

## DIGITAL OUTBOUND COMMUNICATION

Share of digital outbound communication <sup>30</sup>	As of 31 December 2017	As of 31 December 2016 <sup>31</sup>	As of 31 December 2015
65%	59%	50%	

<sup>30</sup> Digital contract- and claims-related outbound communication to customers, intermediaries, agents and external service providers.

<sup>31</sup> Please note, the 2016 data has been adjusted to reflect the yearly average. The 2015 data was also included in this years report.

## EMPLOYEES BY COUNTRY<sup>32</sup>

	As of 31 December 2017
Germany	<b>40,149</b>
France	<b>14,893</b>
United States	<b>7,996</b>
United Kingdom	<b>6,814</b>
Italy	<b>6,563</b>
Australia	<b>5,525</b>
India	<b>4,878</b>
Spain	<b>3,556</b>
Austria	<b>3,410</b>
Brazil	<b>3,355</b>
Other countries	<b>43,414</b>

<sup>32</sup> Total number of employees with an employment contract of all affiliated companies (core and non-core business).

## EMPLOYEES BY GENDER<sup>33</sup>

	As of 31 December 2017
Employee by gender, men (%)	<b>48.2</b>
Employee by gender, women (%)	<b>51.8</b>

<sup>33</sup> Total number of employees with an employment contract of all affiliated companies (core business).

## EMPLOYMENT RELATIONSHIPS<sup>34</sup>

	2017	2016	2015
Permanent employees (%)	<b>91.6</b>	92.3	92.7
Temporary employees (%)	<b>8.4</b>	7.7	7.3
Full-time employees (%)	<b>86.9</b>	87.0	87.8
– Male (%)	<b>53.4</b>	53.5	52.8
– Female (%)	<b>46.6</b>	46.5	47.2
Part-time employee (%)	<b>13.1</b>	13.0	12.2
– Male (%)	<b>19.8</b>	18.7	18.0
– Female (%)	<b>80.2</b>	81.3	82.0
Trainee <sup>34</sup> ratio (%)	<b>2.9</b>	2.7	2.6

<sup>34</sup> Figures 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.

<sup>35</sup> 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).

# KEY SUSTAINABILITY DATA

## EMPLOYEE TURNOVER

	2017	2016	2015
Employee turnover rate (%)	<b>14.1</b>	14.5	15.5
Turnover rate (men) (%)	<b>13.1</b>	13.6	14.1
Turnover rate (women) (%)	<b>15.1</b>	15.2	16.8
Turnover rate by region (%) – Asia Pacific	<b>24.8</b>	21.8	22.7
Turnover rate by region (%) – Eastern Europe	<b>22.6</b>	24.7	26.6
Turnover rate by region (%) – Germany	<b>5.9</b>	6.5	6.5
Turnover rate by region (%) – Middle East and Africa	<b>13.9</b>	14.6	15.5
Turnover rate by region (%) – North America	<b>13.7</b>	13.9	22.9
Turnover rate by region (%) – Rest of Europe	<b>15.8</b>	16.0	15.9
Turnover rate by region (%) – South America	<b>14.2</b>	21.1	13.1
Total recruitment	<b>21,890</b>	21,863	23,163
Recruitment rate Group level (%)	<b>15.6</b>	15.7	16.3
Total recruitment (male) (%)	<b>47.3</b>	48.3	45.5
Total recruitment (female) (%)	<b>52.7</b>	51.7	54.5
Total recruitment by region (%) – Asia Pacific	<b>25.3</b>	27.7	28.5
Total recruitment by region (%) – Eastern Europe	<b>12.7</b>	13.4	15.8
Total recruitment by region (%) – Germany	<b>8.6</b>	8.8	9.2
External recruitment by region (%) – Middle East and Africa	<b>23.6</b>	21.5	26.6
Total recruitment by region (%) – North America	<b>13.4</b>	13.4	13.8
Total recruitment by region (%) – Rest of Europe	<b>18.8</b>	18.3	18.4
Total recruitment by region (%) – South America	<b>12.8</b>	13.2	15.7

## SICKNESS-RELATED ABSENTEEISM

(average days per employee) <sup>36</sup>	2017	2016	2015
Average sick days per employee	<b>8.4</b>	8.4	8.0
Sick days per region:			
Asia Pacific	<b>4.4</b>	4.9	3.7
Germany	<b>12.3</b>	12.2	12.0
Middle East and Africa	<b>2.4</b>	3.7	3.2
Eastern Europe	<b>7.6</b>	6.5	5.9
North America	<b>2.1</b>	2.3	2.9 <sup>37</sup>
South America	<b>3.0</b>	3.0	3.4
Rest of Europe	<b>8.3</b>	8.4	8.1

<sup>36</sup> Figures based on the number of employees in Allianz's core business.

<sup>37</sup> The figure for 2015 has been corrected.

## DIVERSITY

Women in management <sup>39</sup>	2017	2016	2015
Women in executive positions <sup>40</sup> (%)	<b>27.7</b>	27.8	23.3
Female managers <sup>41</sup> (%)	<b>37.6</b>	37.2	36.8
Share of women in core businesses (%)	<b>51.8</b>	52.4	52.4
Nationalities represented in executive positions <sup>42</sup>	<b>54</b>	63	61

<sup>39</sup> Figures based on the number of employees in Allianz's core business.

<sup>40</sup> Including women at all executive positions below the Board of Management.

<sup>41</sup> Including women functionally responsible for other staff, regardless of level, e.g. division, department and team managers.

<sup>42</sup> Figures calculated by including all executive positions below the Board of Management.

## EMPLOYEE TRAINING<sup>44</sup>

	2017	2016	2015
Total expenses for employee training (€ m)	<b>90.8</b>	93.0	85.3
Training expenses per employee (€)	<b>669.5</b>	690	621
Average training days:			
Staff	<b>3</b>	2.9	2.8
Managers	<b>3.1</b>	3.1	3.1
Employees participating in least one training session:			
Staff (%)	<b>69.6</b>	69.1	68.7
Managers (%)	<b>79.8</b>	80.9	76.0

<sup>44</sup> Figures based on the number of employees in Allianz's core business.

## AGE STRUCTURE<sup>43</sup>

	2017	2016	2015
Average age Allianz Group	<b>40.8</b>	40.6	40.5
24 or under (%)	<b>7.2</b>	7.0	6.8
25-34 (%)	<b>27.2</b>	27.8	27.7
35-44 (%)	<b>27.1</b>	27.3	27.9
45-54 (%)	<b>25.0</b>	25.2	25.3
55-64 (%)	<b>12.9</b>	12.3	11.8
65 or over (%)	<b>0.6</b>	0.4	0.5

<sup>43</sup> Figures based on the number of employees in Allianz's core business.

## MY FINANCE COACH<sup>45</sup>

	2017	2016	2015
Number of Allianz volunteers <sup>46</sup>	<b>648</b>	700	727
Number of schools reached	<b>264</b>	295	308
Number of people reached:			
Number of students reached	<b>279,038</b>	327,786	282,490
Number of teachers reached	<b>939</b>	958	954

<sup>45</sup> Figures only include Germany.

<sup>46</sup> As of March.

# KEY SUSTAINABILITY DATA

## ESG SCREENING ACROSS SENSITIVE BUSINESS AREAS

	2017			2016			2015							
	Proceed	with mitigation	Do not proceed <sup>47</sup>	Total	Proceed	with mitigation	Do not proceed <sup>47</sup>	Total	Proceed	with mitigation	Do not proceed <sup>47</sup>	Total		
<b>Agriculture</b>	<b>11</b>	<b>15</b>	<b>1</b>	<b>27</b>	Agriculture	3	15	1	19	Agriculture	16	13	2	31
<b>Animal Testing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	Animal Testing	1	1	0	2	Animal Testing	2	0	0	2
<b>Animal Welfare</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>4</b>	Animal Welfare	1	2	0	3	Animal Welfare	1	0	0	1
<b>Betting and Gambling</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>9</b>	Betting and Gambling	13	3	0	16	Betting and Gambling	8	1	0	9
<b>Clinical Trials</b>	<b>13</b>	<b>11</b>	<b>2</b>	<b>26</b>	Clinical Trials	15	7	0	22	Clinical Trials	10	2	1	13
<b>Defense</b>	<b>31</b>	<b>22</b>	<b>5</b>	<b>58</b>	Defense	41	22	3	66	Defense	18	16	2	36
<b>Human Rights</b>	<b>7</b>	<b>8</b>	<b>0</b>	<b>15</b>	Human Rights	21	8	1	30	Human Rights	25	21	1	47
<b>Hydro-Electric Power</b>	<b>11</b>	<b>10</b>	<b>2</b>	<b>23</b>	Hydro-Electric Power	14	9	2	25	Hydro-Electric Power	14	16	2	32
<b>Infrastructure</b>	<b>58</b>	<b>61</b>	<b>10</b>	<b>129</b>	Infrastructure	45	50	0	95	Infrastructure	32	23	2	57
<b>Mining</b>	<b>34</b>	<b>75</b>	<b>8</b>	<b>117</b>	Mining	18	66	3	87	Mining	11	62	2	75
<b>Nuclear Energy</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>11</b>	Nuclear Energy	7	6	1	14	Nuclear Energy	5	5	0	10
<b>Oil and Gas</b>	<b>24</b>	<b>38</b>	<b>2</b>	<b>64</b>	Oil and Gas	17	48	2	67	Oil and Gas	19	38	1	58
<b>Sex Industry</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	Sex Industry	0	0	0	0	Sex Industry	2	0	0	2
<b>Other ESG and Reputational Risks</b>	<b>61</b>	<b>31</b>	<b>8</b>	<b>100</b>	Other ESG and Reputational Risks	44	14	4	62	Other ESG and Reputational Risks	28	4	0	32
<b>Grand Total</b>	<b>262</b>	<b>282</b>	<b>39</b>	<b>583</b>	Grand Total	240	251	17	508	Grand Total	191	201	13	405
<b>Percentage</b>	<b>44.9%</b>	<b>48.4%</b>	<b>6.7%</b>		Percentage	47.2%	49.4%	3.3%		Percentage	47.2%	49.6%	3.2%	

<sup>47</sup> Includes transactions not pursued for business or other reasons after an ESG assessment.

# REPORTING PARAMETERS, SCOPE AND MATERIALITY

## REPORTING PARAMETERS

Reflecting our ambition of being the most trusted financial institution, we reflect our values of integrity, competence and resilience in our reporting. We continue with our focus on reporting online, cross-linking to the sustainability section of [our website](#), the HR Factbook and our [Annual Report](#), offering extra financial information.

In making linkages to wider Allianz sources of information, we kept the length of the 2016 Report. We have continued to align it to our customer centricity theme, with the front sections appealing to customers, employees and the general public, while the Managing Sustainability and data sections also offer comprehensive reference points for investors, analysts, NGOs, rating agencies and so forth.

Our Sustainability Report has been prepared according to the Global Reporting Initiative (GRI) G4 Guidelines and its Financial Services Sector Supplement. This indicates that we fulfill the highest requirements of the international sustainability reporting standards and have had the Report externally assured.

Our GRI table is accessible on our [website](#).

We were also one of the first companies to report in accordance with the principles of the [German Sustainability Code](#). Furthermore, the information in our Report serves as the basis for our annual communication on how far we have progressed with the implementation of the 10 Principles of the [UN Global Compact](#) in the fields of human rights, labor standards, environmental protection and anti-corruption, as well as the UN Principles for Sustainable Insurance.

## Scope of reporting

Our 2017 Sustainability Report relates to the entire Allianz Group. All measures, activities and key figures refer to the 2017 fiscal year (1 January 2017 to 31 December 2017), unless otherwise stated. This is our 17th annual Sustainability Report. Unless otherwise stated, we take operational control as the boundary for reporting. An increasing number of Allianz subsidiaries now publish their own sustainability reports, which are available for download on our [website](#).

## MATERIAL ISSUES AND ASPECTS

The key topics to be included in Allianz's Sustainability Report were shaped by our materiality analysis, which satisfies the GRI Principles for Defining Report content (sustainability context, materiality, completeness, and stakeholder inclusiveness). To ensure alignment with GRI G4 we mapped our material issues to the GRI G4 aspects, firstly by identifying all possible material aspects across Allianz's value chain followed by two rounds of screening, giving due consideration to reporting from previous years and stakeholder disclosure requirements. Based on the material issues identified by our materiality analysis, we have mapped the issues to G4 aspects and identified the upstream and downstream boundaries.

Focus area	Strategic pillar <sup>48</sup>	Material issue	GRI	Boundary
Attractive Employer	SI	Human Capital management	Employment	Allianz Group
Attractive Employer	SI	Occupational health & safety	Occupational health & safety	Allianz Group
Attractive Employer	SI	HR & labour practices	Diversity and equal opportunity	Allianz Group
Corporate Citizen	SI	Community engagement for social inclusion	n/a	Allianz Group communities
Other	–	Stakeholder engagement	Stakeholder engagement	Allianz Group
Other	BI	Sustainability strategy	Strategy and analysis	Allianz Group
Other	BI	Corporate Risk management	n/a	Allianz Group
Other	–	Financial performance	Economic performance	Allianz Group
Responsible Investor	BI	Responsible Investor	Active ownership	Allianz Group customers
Sustainable Insurer	BI/LC	Sustainable products and services	Product portfolio	Allianz Group customers
Sustainable Insurer	BI	ESG business integration	Product responsibility	Allianz Group customers
Trusted Company	BI	Responsible procurement	G4-12	Allianz Group suppliers
Trusted Company	BI	Transparency	Ethics and integrity	Allianz Group
Trusted Company	LC	Operational eco-efficiency	Energy, water, waste, emissions	Allianz Group
Trusted Company	BI	Sales & marketing	Marketing and communications, product & service labelling	Allianz Group customers
Trusted Company	BI	Corporate Governance	Governance	Allianz Group
Trusted Company	BI	Data Protection privacy	Customer privacy	Allianz Group customers
Trusted Company	BI	Customer relationship management	n/a	Allianz Group customers
Corporate Citizen/ Trusted company	SI/BI	Advocacy practices	Governance	Allianz Group

<sup>48</sup> SI – Social Inclusion, BI – Business Integration, LC – Low-Carbon Economy.

# ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

The Allianz Group has had a Climate Change Strategy in place since 2005, which steers our business and is regularly updated. In our corporate reporting on climate change, we are applying the recommendations developed by the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD's four-pillar framework provides guidance on disclosure and business integration of risks and opportunities from a changing climate. As an active driver of best practice and tools, we strive to continuously enhance our reporting and business practices.

## GOVERNANCE

Within the Allianz Group diverse committees steer sustainability topics, including climate change, within their scope of influence.

The Group ESG Board is the highest governing body for sustainability issues, such as climate change, and oversees the Allianz Group Climate Change Strategy. It consists of three members of the Allianz SE Board of Management (BoM), meets quarterly, and informs the BoM on relevant topics and activities at least twice a year. It also reviews and recommends policy proposals for consideration by the BoM and/or relevant Board committees.

The Group Finance and Risk Committee (GFRC), consisting of members of the BoM, oversees risk management and monitoring, including sustainability and climate risks, and serves as an escalation point based on analysis and deliberations within the Group ESG Board. Risks identified as emerging and/or significant are addressed either in the GFRC or the Group Underwriting Committee (GUC). The GUC consists of Members of the BoM, the Group Chief Risk Officer, Chief Underwriting Officers, and other executives of the Group. It monitors underwriting business, as well as its risk management and strategy and develops an underwriting policy.

The Allianz Group Corporate Responsibility department, and particularly the Group ESG Office, is responsible for steering the integration of ESG and climate aspects into core investment and insurance activities and acts as the Executive Office of the Group ESG Board.

All internal asset managers, the complete investment management function (Allianz Investment Management), and key insurance operating entities have well-established dedicated ESG functions and practice. Several units also have dedicated competence centers on promoting low-carbon technologies (Allianz Capital Partners, Allianz Global Investors, Allianz Global Corporate & Specialty, Allianz Climate Solutions, and others).

ESG specialists and/or representatives from different local operating entities, global lines, and Group centers come together in the ESG Working Group to develop and discuss projects and proposals for ESG and climate integration in the business.

Specifically for climate change, we have a Climate Contact Group (CCG), consisting of experts from across the Group, exchanging and developing proposals on climate integration into business. The CCG's secretariat formally reports to the Group ESG Board, input from the CCG is used to inform top management and Group ESG Board.

 More information on our risk governance and committees can be found in the Allianz Group Annual Report 2017 on page 12f, and 63f. For more details see page 23 on our corporate responsibility governance.

# ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

## STRATEGY

The Allianz Group has had a Climate Change Strategy in place since 2005, which is regularly updated. The underlying identification and management of risks and opportunities resulting from climate change are part of our overall business strategy. Measures we take include developing and adjusting financial products and services, improving decision-making, policies and processes, the setting of targets, managing our operational climate footprint, as well as engaging with internal and external stakeholders.

Allianz believes that climate change will materially affect economies and all our lines of business. Arising risks and opportunities can be seen already today, be it the acute and chronic physical impacts on property or health like warming temperatures, extreme weather events, rising sea levels, or a change in vector-borne diseases. Or be it via financial risks and opportunities resulting from climate change liability or the process of transitioning towards a low-carbon economy, including changes in climate policy, technology or market sentiment, and impacts thereof on the market value of financial assets.

Climate change impacts our business in two ways: through policies covering property damage, health impacts and other losses, as well as changes in business models we underwrite. Furthermore, we are affected as a large-scale institutional investor with significant stakes in various economies, companies, infrastructure, and real estate that are or will be affected by the physical impacts from climate change and by the transition to a low-carbon economy. Our business strategy includes systematically leveraging opportunities for financing a low-carbon and climate-resilient future, e.g. by investing in renewable energy, energy efficiency in real estate or electric vehicle infrastructure, and by providing insurance solutions for physical climate impacts and low-carbon business models.

Climate change considerations are an integral part of our insurance and investment strategy which is also informed by regular stress tests and additional climate-scenario analysis. We performed for instance sensitivity and scenario analysis with a time horizon up to 2030 and including a 2°C scenario with internal models and with external partners. We will further scale up this effort.

Allianz's investment strategy is informed by analyses of long-term projections for the low-carbon transition. The most significant portfolio measures are detailed in the section on risk and opportunity management. Opportunities in energy will be a focus for aligning our investment strategy with the Sustainable Development Goals and the targets of the Paris Agreement.

 For more details see page 7ff. on our contribution to the Sustainable Development Goals and page 22 on our Climate Change Strategy.

Allianz is partnering with international organizations to drive climate-smart investment and insurance. One example is the Sustainable Development Investment Partnership (SDIP) to close the sustainable infrastructure investment gap, an initiative coordinated by the World Economic Forum with support from the OECD. Another example is our three-year strategic alliance with the German Corporation for International Cooperation (GIZ) aiming at "Closing the Protection Gap" around climate risks in developing countries.

We are also an active member of relevant climate-related industry associations and initiatives like the Munich Climate Insurance Initiative, the Climate Finance Lab, Climate Action100+, the Accelerating Sustainable Finance initiative, the World Economic Forum Alliance of CEO Climate Leaders, the B Team, ClimateWise, the Portfolio Decarbonization Coalition, the Principles for Responsible Investment, the Principles for Sustainable Insurance, and the Finance Initiative of United Nations Environment (UNEP FI) where Allianz is the climate change coordinator of the Investment Committee.

 For more details see page 79 on our Memberships and Partnerships.

# ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

## RISK AND OPPORTUNITY MANAGEMENT

Climate-related risks are addressed as part of an overarching qualitative and quantitative risk reporting and controlling framework. Early-warning indicators are monitored and regularly reported to senior management including risk dashboards, risk capital allocation, and limit consumption reports, where climate aspects become material. One key tool is the Allianz Risk Capital Model, which assesses, amongst many other criteria, natural catastrophe events for the upcoming year on a subsidiary and Group level. Another instrument is the yearly Top Risk Assessment with the goal to identify and remediate significant threats to financial results, operational viability, reputation and the delivery of key strategic objectives, regardless of whether they can be quantified or not. Supplemented by quarterly updates, senior management decides on a risk-management strategy and related actions. Climate change has not shown up as a top risk in the process so far.

 For more details on these risk management processes please see the Allianz Group Annual Report 2017 on page 68ff.

The climate team within the Corporate Responsibility department works together with the Climate Contact Group on early identification and measurement of climate risks as well as of opportunities arising from physical climate change and the low-carbon transition. Examples include an annual assessment of investment needs and attractiveness for renewable energy in G20 countries in the Allianz Climate & Energy Monitor. These insights are channeled to the Group ESG Board to inform decision-making.

These processes are supplemented by additional processes including our NGO dialogue, a regular materiality assessment of emerging ESG and climate issues and opportunities, the annual Risk Barometer by Allianz Global Corporate & Specialty, an active ESG-screening process covering insurance business exposure and our Sustainable Solutions product portfolio. Furthermore, we are in on-going dialogues with policy-makers, NGOs and academia on key economic, governmental, environmental and societal issues, including climate change to find and contribute to solutions for a sustainable tomorrow.

We are continuously testing several dozens of natural catastrophe scenarios, including atmospheric events, mapping a range of perils and regions. The results provide the basis for group-wide risk monitoring, limits and subsequent business decisions. The top three perils contributing to natural catastrophe risk for Allianz Group as of 31 December 2017 were: windstorms in Europe, floods in Germany, and earthquakes in Australia. Furthermore, we are conducting selected stress scenario analysis on natural catastrophe risks like hail or windstorms to be used in risk steering. Our natural catastrophe models are regularly updated according to newest scientific information. We are continuously improving the inclusion of global natural catastrophe hazard information, including climate, into underwriting decisions.

Furthermore, Allianz is a member of a market working group on emerging risk of the Chief Risk Officers' Forum. This group defines climate change as a trend which might result in emerging risks. Relevant emerging risks are discussed by the GFRC or GUC and following that, underwriting opportunities or mitigation measures might be implemented where necessary.

From an opportunity perspective, Allianz is a pioneer in insuring low-carbon technologies. We provide standardized and tailor-made insurance products as part of our Sustainable Solutions approach and are insuring renewables in more than 70 countries. Currently, we are rolling out renewable energy insurance by African operating entities.

Allianz's investment strategy incorporates systematic analyses of long-term projections on the risks and opportunities of the low-carbon transition. Our core investment databases include climate and carbon data, which enables portfolio-wide analyses and measures. For our proprietary investments, the ESG Functional Rule for Investments provides the foundation of integrating climate-related issues. It comprises Asset Manager selection and Systematic

integration of ESG factors (including factors such as "Carbon Emissions" or "Climate Change Vulnerability") into our investment decisions, with the following significant portfolio measures to date:

- We strategically invest in low-carbon assets since more than a decade. This includes renewable energy, certified green buildings, and green bonds.
- We identified the listed equity portfolio as being most sensitive to 2°C scenarios, followed by global corporate bonds. We tackled long-term risks in our equity and debt portfolio and implemented a group-wide divestment from coal-based business models. We are currently developing more measures to address these sensitivities.
- We are using internal climate modeling expertise to inform investment decisions, for instance for infrastructure investments.
- We are discussing internally how to best aggregate carbon emission data on a portfolio level.
- We are investigating in 2018 on how to further align our investment strategy with a 2°C target, including the assessment of energy efficiency as an investable asset class.
- Our portfolio-wide ESG data, including climate change factors, enables a continuous monitoring and steering of performance at security level. If certain assets score below defined thresholds, investigation is triggered, leading to a variety of potential measures, including engagement with the respective companies.
- We will discuss with our asset managers how they address climate change in their strategy and day-to-day management of portfolios in 2018, also as part of our annual review meetings.

 For more details on our activities as a Sustainable Insurer and Responsible Investor see page 28ff.

# ALLIANZ'S CLIMATE-RELATED FINANCIAL DISCLOSURE

## METRICS AND TARGETS

To measure our performance in addressing the risks and opportunities from climate change, we are using a range of metrics.

- Revenue generated from our sustainable solutions including the number of products offered.
- Debt and equity investments in renewable energy, with a target to grow these in the mid-term.
- Amount of fixed-income securities from coal-based companies in run-off. Since March 2016 we are divested from equities in coal companies. The 30% thresholds are continuously monitored across both asset classes.
- Carbon footprinting of all listed assets in core databases.

- ESG scoring including climate indicators.
- Volume of Sustainable and Responsible Investments (SRI) for our third-party assets.
- Annual net as well as expected losses from natural catastrophes, including non-weather related events.
- Our group-wide Environmental Management System (EMS) provides standards and controls across our corporate operations. As part of the EMS, we set ourselves targets covering our operational emissions (Scope 1–3) from energy and paper use as well as business travel. Furthermore, we use carbon certificates generated from our carbon investment projects to offset the remaining emissions; here we are tracking the amount of certificates generated and retired.

 For more details on our climate- and sustainability-related metrics and targets see pages 4, 53f., and 76ff.

 For more information on the integration of climate-related issues into our business see our [ESG Integration Framework](#) and our [Climate Change Strategy](#).

**Imprint**

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**Publisher**

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We would like to thank all of our colleagues and partners who have helped us to create this report.

Date of publication April 10th, 2018

**Cautionary note regarding forward-looking statements**

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. The company assumes no obligation to update any forward-looking statement.

**We welcome your views**

We warmly invite all our stakeholders to provide feedback and comments on our Sustainability Report.

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Click [here](#) to view the Assurance Report.

Click [here](#) to view the GRI table.

Click [here](#) to view the Explanatory Notes.



 For more information on key Human Resources facts and figures, achievements 2017 and an outlook for 2018, see the [HR Factbook](#).



 For more information on Allianz Group, see the [Annual Report 2017](#).