

# EMBRACING THE FUTURE

ENCOURAGING SOLUTIONS FOR  
TOMORROW'S CLIMATE AND  
A MORE INCLUSIVE SOCIETY



# WELCOME

Allianz is one of the strongest financial communities in the world. More than 86 million customers in more than 70 markets rely on our comprehensive range of insurance products and funds. Allianz stands for trust, based on the integrity, resilience and dedication of our over 140,000 employees. Our customers are at the heart of our business. We strive for profitable and sustainable growth and support our customers to address tomorrow's challenges.



We hope you enjoy reading our Sustainability Report 2016.

## IN THIS REPORT

This year, having completed a new Stakeholder Expectation Survey, we have taken another step forward in evolving our sustainability strategy and our reporting approach.

We begin by providing a high-level snapshot of our corporate strategy and our stakeholder engagement approach, before discussing the outcomes of our latest materiality assessment. We then go on to look at what the results mean for our Corporate Responsibility Strategy, priorities and roles.

The 'In focus' section takes an in-depth look at our key priorities of Climate Change and Social Inclusion – including the latest global trends, developments and our response.

'Managing Sustainability' provides further detail on our strategy and governance, and we outline the progress we have made over our five roles in 2016 in 'Allianz's roles'.

You can find detailed data and further information on data assurance and GRI in 'About the report' at the end of the report.

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# ALLIANZ GROUP AT A GLANCE



# SUSTAINABILITY PERFORMANCE HIGHLIGHTS

KPI

1.9 billion

Euro new debt and equity investments in renewable energy

KPI

156

Sustainable Solutions

KPI

100%

score for ESG in insurance integration by DJSI



## SUSTAINABLE INSURER

Revenues increased to 302.5 million Euro in the emerging consumers market

1.1 billion Euro revenue generated through Sustainable Solutions



See more on page  
29



## RESPONSIBLE INVESTOR

225 million Euro in equity divested from coal-based business models

Launched new ESG Scoring approach



See more on page  
34



## TRUSTED COMPANY

-25.3% CO<sub>2</sub> emission reduction per employee since 2010

+2,200 leaders trained in Integrity



See more on page  
42



## ATTRACTIVE EMPLOYER

37.2% of Allianz managers were women

64% score in Work Well index



See more on page  
52



## COMMITTED CORPORATE CITIZEN

Launched Encouraging Future Generations Program including a three-year partnership with SOS Children's Villages

19.4 million Euro corporate giving



See more on page  
60

See pages 68–70 for a full overview of our sustainability targets and achievements.

# INTRODUCTION FROM THE CEO



## 70%

score in the Inclusive  
Meritocracy Index

## 55%

of the business segments measuring NPS\*,  
significantly performed above the market average

## 72%

Employee Engagement  
Index score

## Gold Class

Sustainability Award by  
RobecoSAM (DJSI)

### WHY IS SUSTAINABILITY IMPORTANT FOR ALLIANZ?

Insurers are tied by the nature of their business to healthy and sustainable developments in society. We can and must be a force for good. We help our customers to cope with challenges such as climate change and natural catastrophes, personal safety and data security risks and momentous changes sweeping society. As a global insurer and long-term investor, sustainability is part of our DNA. We think in long-term outcomes and how we can make the world a more resilient place.

### WHAT IS THE FOCUS OF YOUR CORPORATE RESPONSIBILITY STRATEGY?

The newly adapted Corporate Responsibility Strategy is built on three pillars: Low-Carbon Economy, Social Inclusion, and Business Integration. And we're already putting this into practice. We strongly support the renewable energy transition and decarbonization of the economy through sustainable investments in things like wind parks. We have, as a company, shrunk our own carbon footprint. We support children and youth through our Encouraging Future Generations Program, which empowers young people to grow with confidence and shape resilient, more inclusive societies.

And 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?'

### HOW DO YOU APPLY SUSTAINABILITY PRINCIPLES?

We apply sustainability principles across our entire business. We promote strong, sustainable portfolios using ESG considerations and our customers' long-term interests. This benefits our business for sure – like I said, we take the long-term view – but it also has a huge positive impact on our employees, our stakeholders, and society at large. In 2016, for example, we introduced the Allianz ESG Scoring approach for investments, which allows us to manage our portfolio taking sustainability into consideration.

### WHAT MADE 2016 SPECIAL FOR YOU?

Perhaps the greatest moment was launching our new Social Inclusion program, Encouraging Future Generations, and our partnership with SOS Children's Villages. I know we can support young people worldwide and Allianz is deeply committed to promoting equality and social inclusion. I want Allianz to lead a transition in culture worldwide where sustainable, responsible business becomes the norm.

### WHAT KEEPS YOU UP AT NIGHT?

What I worry about is climate change, which poses the biggest threat. This is one reason why we no longer finance coal-intense business models and will double our equity investments in renewable energy.

Embedding sustainability in all parts of our business doesn't happen overnight. It is an ongoing process. We have already made great strides and are recognized as best-in-class, as the Dow Jones Sustainability Index rating shows. We rose six percentage points on the scale and climbed to Gold from Bronze in the rating in 2016, making Allianz the highest placed primary insurer.

But we can still do better. We need to continually improve our reporting and transparency practices. This is why we introduced external auditing for our sustainability data and information in 2016 to underscore the accuracy of our Sustainability Report.

Allianz is leading this global transformation from the front. That's what our customers expect from us and that's what I expect from the people at Allianz who serve them. Our own self interests are inseparable from those of a healthy, sustainable society. We will use our position of strength to help make the idea of a better, healthier, and cleaner tomorrow become real.

*Sincerely yours -  
Oliver Sale*

Chairman of the Board of Management, Allianz SE

\* Focus on retail business

# THE RENEWAL AGENDA

At Allianz, we aim to create sustainable economic value through a long-term approach to corporate governance, social responsibility and environmental stewardship. During our 126-year history, we have developed the culture, systems and processes that enable us to do that. This is critical to our business success as we commit to deliver on our promises to customers, to investors, to communities and to society as a whole.

## RENEWAL AGENDA

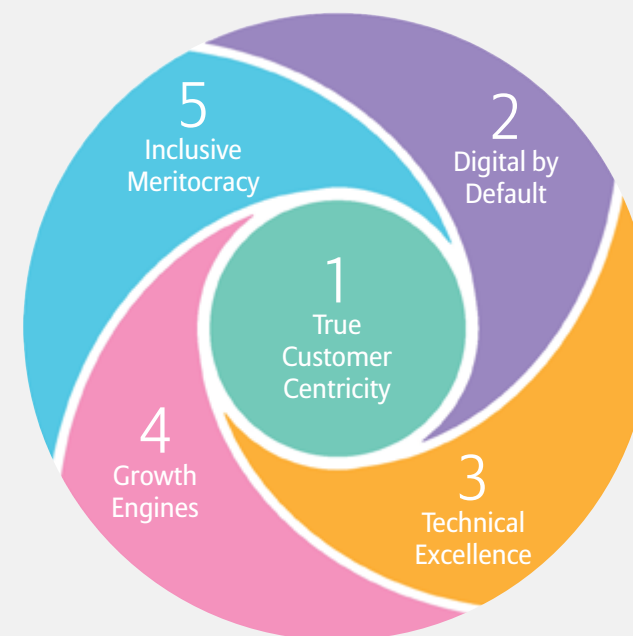
The world and our industry are changing fast and fundamentally. This is spurring us on to renew our way of doing business. If we are to deliver our ambition of being the most trusted financial institution and a global sustainability leader, we must continually adapt our business strategy in response to the most pressing issues.

Our Renewal Agenda focuses on five goals:

- **True Customer Centricity:** customers expect excellent quality and flexibility from our products and services. We want to develop our processes based on their needs, exceed their expectations and build loyalty and trust in our brand.
- **Digital by Default:** we need to deliver state-of-the-art insurance and service offerings for the connected age. Becoming a fully digitalized company means we can offer our customers exciting, smart and secure products and services through any device or channel.

- **Technical Excellence:** our customers expect us to understand the risks they face throughout their lives. They also expect us to prevent and manage these risks for them. For this, we need excellent data quality, superior underwriting systems and market-leading tools.
- **Growth Engines:** emerging markets and assistant solutions for sharing economies, new technologies, healthcare and leisure are becoming more important. We want to embrace these growth areas by sharing our ideas and collaborating with start-ups and other stakeholders.
- **Inclusive Meritocracy:** to achieve the above, we need a workforce that is agile, innovative and daring. We want to encourage this by developing smarter ways of rewarding ideas and performance, and by continuing to ensure Allianz is a great place to work, for everyone.

Our Renewal Agenda is fostered by a comprehensive cultural change process encompassing customer and market excellence, collaborative leadership, entrepreneurship and trust. The Renewal Agenda therefore addresses our stakeholder views (e.g. customers, employees and shareholders). We are also taking into account our stakeholders' feedback in our Corporate Responsibility Strategy to be able to respond to our most material issues.



“The company’s Renewal Agenda sets ambitious targets and puts customers at the core of actions. Our macro-economic and technological environment is changing fundamentally. We will adapt and in doing this, we act from a position of strength.”

### Oliver Bäte

Chairman of the Board of Management, Allianz SE

# STAKEHOLDER ENGAGEMENT

## OVERVIEW

As a multinational business, the challenges we face are increasingly diverse and interconnected. We can only understand global trends and how they affect our products, services and strategy by working closely with a broad range of individuals and organizations. Besides our many commitments to international and national sustainability bodies and initiatives (see page 25), our engagement activities focus on the four stakeholder groups who are most impacted by our business.

## LISTENING TO AND ENGAGING WITH OUR STAKEHOLDERS

### Customers

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

### Employees

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

### 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.

### 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.

## PARTNERSHIPS AND COLLABORATION

Long-term partnerships are instrumental to delivering our sustainability agenda. Our strategic partners include:



**SOS Children's Villages:** supporting young people from challenged backgrounds to develop the skills and experience they need to succeed through education and participation (see page 63);



**Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ):** German Society for International Cooperation – the first public-private partnership for microinsurance activities (2011–2017);



**International Paralympic Committee (IPC):** partner since 2006 and the first IPC 'International Partner' – since 2011.

As part of our engagement process we ask specific questions to our stakeholders which helps us determine what matters most to them. This information is helpful to us when defining our strategy.

## STAKEHOLDER ENGAGEMENT FRAMEWORK



# STAKEHOLDER ENGAGEMENT

## OUR MATERIALITY PROCESS

Our most material issues are those that are perceived as vital for business success and sustainability by our stakeholders and by Allianz. We engage with key stakeholder groups to identify what they see as materially important for sustainable development at Allianz. The insight they provide enables us to focus our sustainability strategy, activities and reporting on the right areas.

We base our materiality approach on a number of voluntary international standards and guidelines, including the Global Reporting Initiative (GRI) G4 guidelines, a range of sustainability indices, and engagement with expert working groups, such as the United Nations Environment Programme Finance Initiative. We use a wide variety of engagement methods, such as conferences, workshops, road shows, surveys, face-to-face interviews and peer reviews to understand our material issues and shape our sustainability approach.

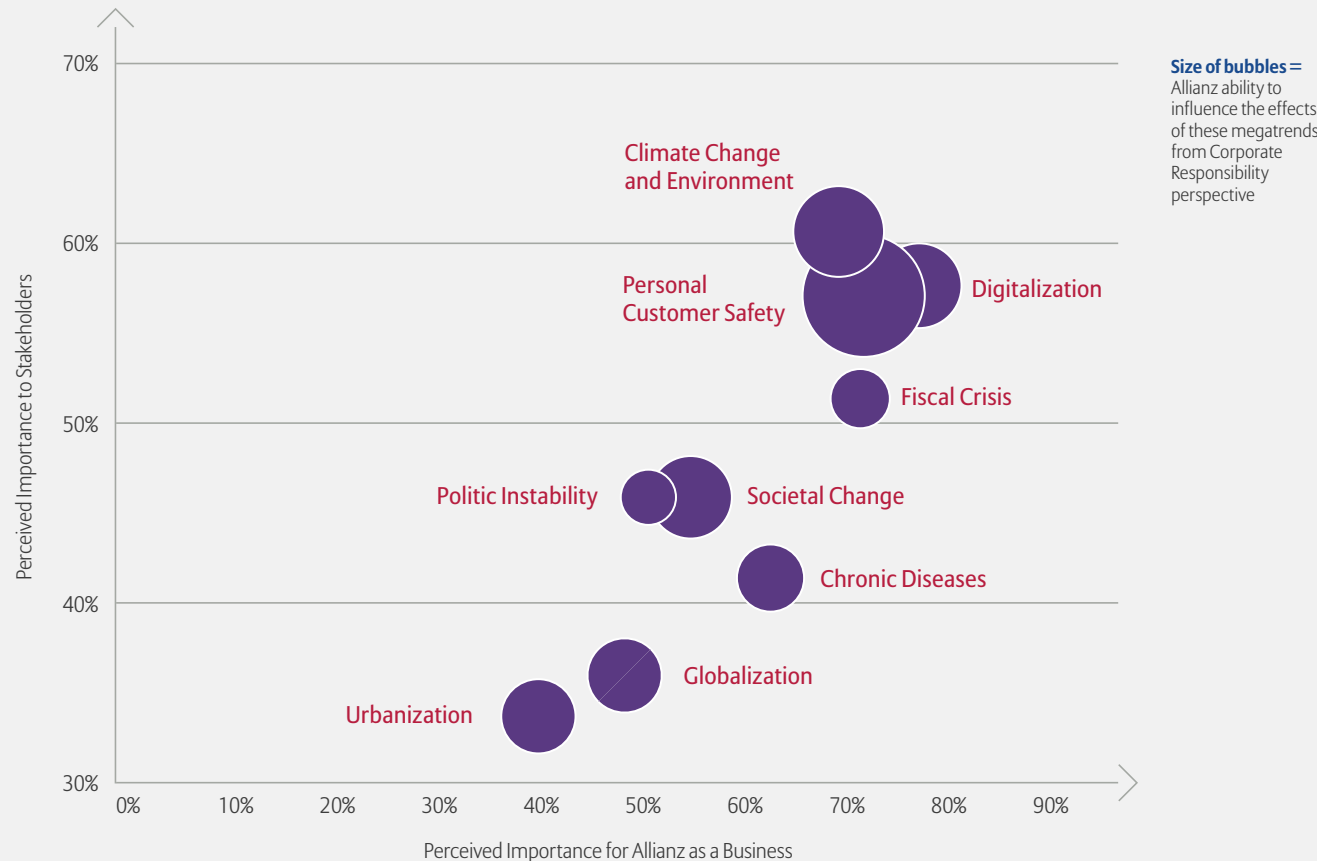
## ALLIANZ MATERIALITY PROCESS





# STAKEHOLDER SURVEY AND MATERIALITY ASSESSMENT 2016

PERSONAL IMPORTANCE OF MEGATRENDS TO STAKEHOLDERS AGAINST PERCEIVED IMPORTANCE OF TREND TO ALLIANZ



The matrix shows the relative personal importance of megatrends to stakeholders against the perceived importance of the trend to Allianz. Additionally, we have evaluated our ability to influence (bubble size)

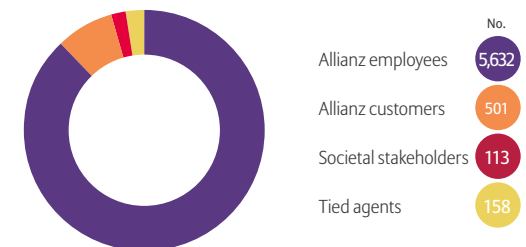
the impact of these trends through the solutions we provide and the contribution we make – which provides a strategic focus for our overarching Corporate Responsibility Strategy.

## STAKEHOLDER SURVEY

During August and September 2016, GfK SE surveyed over 6,000 individual stakeholders about what they see as the most important global issues for Allianz and the potential solutions we provide. The results were validated via several internal workshops involving experts from departments including: Group Strategy, Group Market Management; Corporate Communications; Allianz Climate Solutions; Corporate Responsibility; and Human Resources.

All stakeholders viewing are weighted evenly so they are not disproportionately affected by the number of responses.

## Stakeholders surveyed



# STAKEHOLDER SURVEY AND MATERIALITY ASSESSMENT 2016

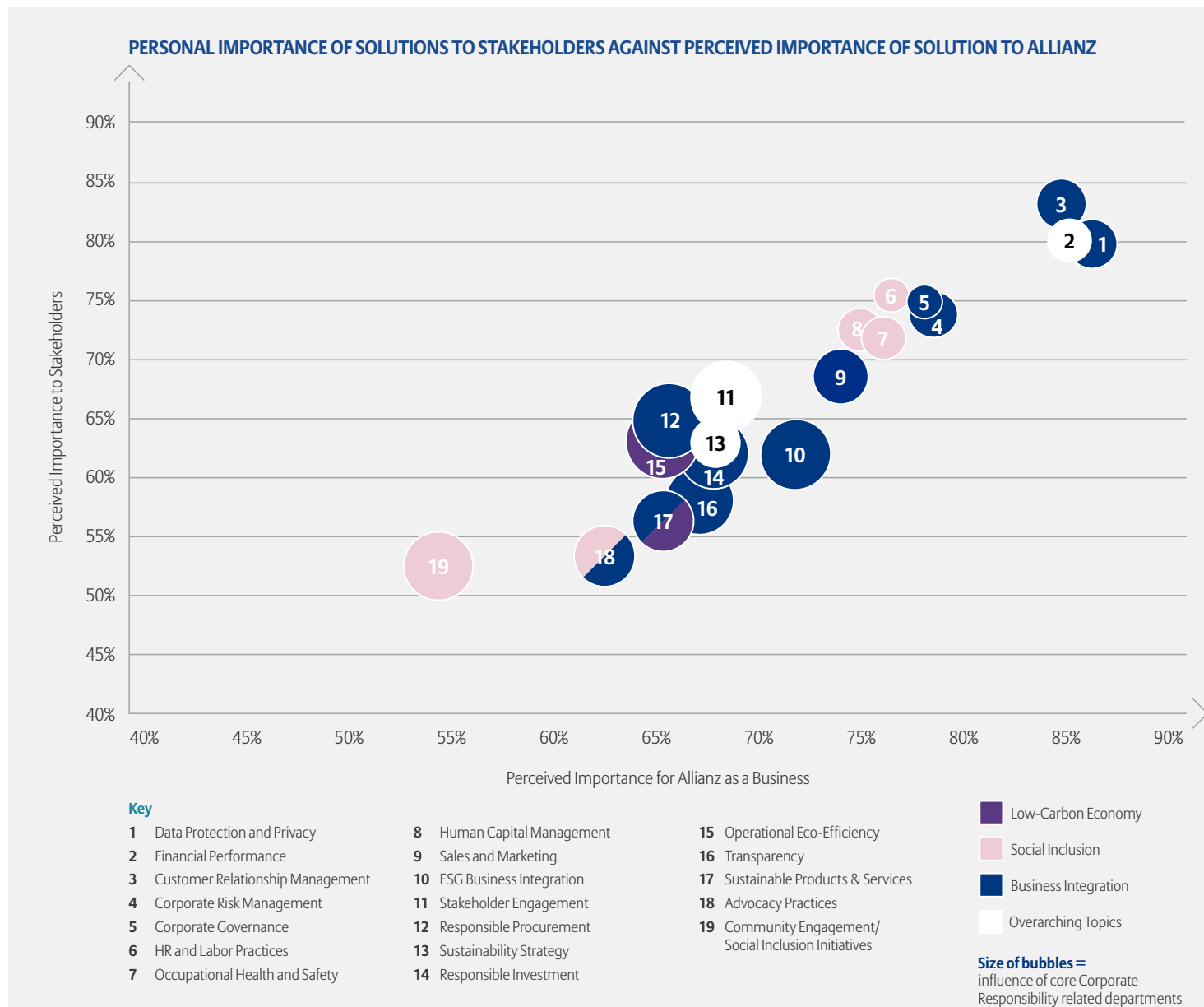
Based on the outcomes of our materiality assessment, we also plotted the relative personal importance to stakeholders of the solutions Allianz provides against their perceived importance for our business and their relevance to corporate responsibility-related departments. Furthermore we mapped the solutions in the graphic to our strategic CR pillars to show to which pillar each solution belongs.

## NEXT STEPS

The perceived most important **megatrends and risks** for Allianz across all surveyed target groups and countries which we are able to address with our solutions and our Corporate Responsibility Strategy are in particular: **climate change and environmental issues** such as natural catastrophes; **personal customer safety**, including data security risks; and **societal change**.

We have used the outcomes of this assessment to guide our reporting of issues and performance for 2016 and we will continue to use the insights to further develop our sustainability reporting, strategy and roles in the coming years.

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 our focus on fair treatment of claims as well as on responsible sales and marketing communication. Our role as an **Attractive Employer** is of very high relevance, as is being a **Trusted Company**. Compliance, data and privacy protection, improving customer satisfaction and financial performance all play a major role. Supporting customers' health and safety, as well as local business are particularly important if Allianz wants to be considered as a **Committed Corporate Citizen**.



# OUR CORPORATE RESPONSIBILITY STRATEGY

## INFLUENCED BY THE OUTCOMES OF THE MATERIALITY ANALYSIS



- Climate change and environmental issues
- Personal customer safety
- Societal change

## WE HAVE ALIGNED OUR STRATEGY TO THREE PILLARS



- Portfolio decarbonization
- Reducing environmental impact
- Sustainable Solutions...



- Emerging markets
- Diversity
- Encouraging Future Generations...



- ESG integration
- Responsible sales
- Data privacy...

## AND TRANSLATE THOSE INTO FIVE ROLES ALLIANZ PLAYS IN SOCIETY



Taking a long-term view of the world to help our customers manage risk  
 See more on page 29



Making investment decisions that foster sustainable markets and societies  
 See more on page 34



Demonstrating integrity, competence and reliance in everything we do  
 See more on page 42



Fostering a working environment where both people and performance matter  
 See more on page 52



Acting as a committed corporate citizen and building stronger communities  
 See more on page 60

# HOW WE CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT GOALS

## DELIVERING THE GLOBAL SUSTAINABLE DEVELOPMENT AGENDA

In September 2015, countries around the world adopted a new set of goals for the next 15 years to end poverty, protect the planet and ensure prosperity for all. The Sustainable Development Goals (SDGs) include specific targets that can only be achieved by governments, civil society and business working together around the world. They are indivisible, interlinked and they influence each other, requiring delivery through multi-outcome collaborations across the entire sustainable development agenda.

We recognize that as an insurance and financial services company we contribute to some SDGs more directly than to others. The SDGs we can primarily match our activities against are shown in the box. For further info on aligning our targets with the SDGs please see our [website](#).



Our strategy also reaffirms our commitments to the Ten Principles of the UN Global Compact (UNGC), a voluntary initiative based on CEO commitments to implement 10 universal sustainability principles. We have been a participant in the UNGC since 2002 and it is included in our Code of Conduct. We annually communicate our progress in the fields of human rights, labor standards, environmental protection and anti-corruption.

Our latest reports for the UNGC and the German Sustainability Code (GSC) can be found on [our website](#) as well as on the [UNGC](#) and [GSC](#) websites.



# ALLIANZ IN THE WORLD

Our business is, by its very nature, orientated towards the future. We continually strive to look beyond the short term and use our knowledge and expertise to focus on future risks and impacts.

We are connected to people in over 70 countries – countries that are home to our employees, our customers, investors and society. As a result, we instinctively take a global view of the change that is happening around the world.

## IN THIS SECTION

In focus: A call to action on climate change 13

In focus: Breaking down barriers to social inclusion 17

## IN FOCUS: A CALL TO ACTION ON CLIMATE CHANGE

2016 was a momentous year in the global effort to combat climate change. The first-ever universal, legally binding climate deal was ratified by 125 countries in 2016. At the same time, 2016 was the warmest year on record with polar sea ice disappearing at an unprecedented rate. We appear to have reached a new level in terms of both action and impact around climate change.

At Allianz, we encourage solutions for tomorrow's climate today, by working with others to understand the science, develop opportunities and mitigate impacts. We anticipate the risks of climate change and 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. We regularly update our Climate Change Strategy to refine our approach and up our ambition.

“Today we see the impact of climate change on our business and understand the risks it entails in the future. We think the financial sector can take a lead role to enable the transition to a low-carbon world – Allianz is ready to accompany our clients as a long-term investor and risk expert on that journey.”

**Oliver Bäte**

Chairman of the Board of Management, Allianz SE



# OUR CHANGING WORLD

The World Economic Forum considers failure of Climate Change mitigation and adaptation to be the top risk facing society today.

Global Risks Report, 2016

## CLIMATE CHANGE THREATENS TO RADICALLY CHANGE OUR CLIMATE, OUR LIVES AND OUR BUSINESS

Climate change, mainly caused by human-activity induced global warming, poses a major risk to the livelihoods of millions of people worldwide. It affects the wealth of societies and the value of companies, since the frequency and severity of weather extremes – such as heatwaves, droughts, floods, storms – are expected to increase and the sea level is rising. The first sectors affected will be coastal infrastructure, agriculture and water, but also energy.

## WHAT CLIMATE CHANGE MEANS FOR THE FINANCIAL SECTOR

The consequences of climate change materially affect insurers' operations across all lines of business. We are exposed in two ways: through insurance policies covering damage caused by natural disasters such as storms and floods; and as large-scale institutional investors with significant stakes in companies affected by changing weather patterns, tightening regulation and shifting consumer behavior.

For example, global food production will have to double in the next fifty years to match a growing world population. When coupled with the need to address environmental concerns and climate risks, it is clear that 'business as usual' will not suffice. We can build on our experience as a microinsurer and reinsurer in agriculture to bring climate risk insurance mechanisms to vulnerable regions.

At the same time, the unprecedented challenge of climate change creates opportunities and incentives for the development of new technologies on a global scale that drive economic development and generate social benefits.



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

**Allianz Climate Solutions GmbH (ACS)** is the Climate Change Center of Excellence of Allianz Group. ACS is responsible for Allianz's Climate Change Strategy. It acts as a focal point and convener of Allianz's risk and investment expertise worldwide to catalyze the development of solutions for a changing climate. ACS also offers insurance and advisory services for green energy projects to external clients and Allianz entities worldwide. ACS has been hosted by AllianzRe since 2016. You can find out more about Allianz Climate Solutions [here](#).

### IT IS HAPPENING ALREADY:



### CHALLENGES AHEAD:



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

“The Allianz climate strategy provides us with a compass to help our customers and society at large adjust to changing times. At Allianz Climate Solutions, we work like a talent scout, finding the right people within the company to pick up new ideas, develop new business models and engage with policy makers, academics and civil society to improving our joint understanding of climate risks and advancing a toolkit of solutions.”

# OUR CHANGING WORLD

“We have had 125 countries ratify the Paris climate agreement since last year. Now it is important to keep the momentum going and implement national plans to combat climate change. We can't afford to wait to see the effects of climate change and then just pay for the clean-up. It doesn't make sense either economically or socially. If our role is to provide resilience for society, as I believe it is, then we have an opportunity and a responsibility to do so.”



**Amer Ahmed**  
CEO, Allianz RE

## 2016: A YEAR OF INTERNATIONAL ACTION

2016 was pivotal for global action on climate change. At the Paris conference (COP21) in December 2015, 195 countries adopted the first ever universal, legally binding global climate deal to keep temperature rise this century to well below two degrees Celsius above pre-industrial levels. The agreement entered into force in 2016 much faster than expected after enough countries ratified it.

As part of this agreement, countries have to submit long-term national climate plans, which can guide investors on the speed and milestones of a low-carbon transition. Another aspect is that poorer countries that are particularly vulnerable to climate change should get support to adapt to a changing environment.

## ALLIANZ ON THE GLOBAL STAGE

At COP 21, Allianz joined the Portfolio Decarbonization Coalition, a group of 27 global asset owners and managers – together accounting for over three trillion U.S. Dollars in assets under management – committed to reducing the climate impacts of their investment portfolios.

We have upped our engagement in leading industry initiatives in recent years. Initiatives like the Finance Initiative of the UN Environmental Programme (UNEP FI), the Munich Climate Insurance Initiative (MCI), the Geneva Association, ClimateWise, the Global Innovation Lab for Climate Finance, and the Insurance Development Forum (IDF) allow us to share knowledge with peers, convey messages to decision makers and jointly develop innovative solutions to mobilize finance for a green transition and to protect the world better from a changing climate.



**+ \$3tn**

Total assets under management of Portfolio Decarbonization Coalition

**195**

Countries adopted legally binding global climate deal



# OUR CHANGING WORLD

## ANTICIPATE.CARE.ENABLE.

### OUR 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.

### EMBEDDING CLIMATE PROTECTION IN OUR BUSINESS

We are committed to integrating climate protection firmly into our core business. As a global leader and a good corporate citizen, we want to make the most of our opportunities to develop solutions for a changing climate and enable the transition to a low-carbon economy.

### WE ANTICIPATE THE RISKS OF A CHANGING CLIMATE... AS AN INVESTOR

We screen our equity and fixed income investments using 37 environmental, social and corporate governance (ESG) criteria – including carbon emissions, energy efficiency, and environmental footprint. This guides our development and implementation of sustainable investment strategies.

We have stopped financing coal-based business models.

Allianz SE, Allianz Global Investors (AllianzGI) and the Pacific Investment Management Company (PIMCO) are signatories of the Principles for Responsible Investment (PRI), which help us leverage our current responsible investment practice.

 See page 34 for more on our approach as a Responsible Investor


### WE CARE FOR OUR CUSTOMERS... AS AN INSURER

We advise our customers on how they can reduce risks and minimize damage, while compensating those who have suffered losses and enabling low-carbon technology covers.

We actively support the InsuResilience initiative of the G7, which aims to provide climate risk insurance to an additional 400 million vulnerable people by 2020, for instance for the agricultural sector, including weather index insurances or animal mortality covers.

We are also joining forces with development agencies to pilot innovative solutions in developing and emerging countries, e.g. looking at ways to mitigate risks and insure SMEs and cities against extreme weather events.

Allianz is signatory to the UNEP FI Principles for Sustainable Insurance (PSI).

 See page 29 for more on our approach as a Sustainable Insurer

# 4.6bn

Euro invested in renewable energies by Allianz


# 156

Sustainable Solutions provided by Allianz for our customers

### WE ENABLE POSITIVE CHANGE... AS AN INVESTOR, INSURER AND AS A CORPORATE CITIZEN

#### Enabling as an investor


We are a leading investor in renewable energies with more than 4.6 billion Euro invested. We want to at least double our investments in the mid-term. Allianz also offers several renewable energy funds for institutional investors who want to invest in low-carbon infrastructure. Once the newest fund, AREF II, is fully invested, AllianzGI will manage close to 1.6 billion Euro in renewable energy and infrastructure projects in Europe.

 See page 37 for how we are enabling the low-carbon economy

#### Enabling as an insurer

We provide over 150 Sustainable Solutions for our customers – from special tariffs for electric cars to environmentally-themed funds.


Allianz is developing and providing insurance solutions for renewables technologies and energy efficiency around the world.

 See page 31 for how we are broadening our approach to Sustainable Solutions

#### Enabling as a company and corporate citizen

We are firmly committed to minimizing our environmental impact and are committed to a carbon neutral business model.

Our 2020 targets include reducing CO<sub>2</sub> emissions and energy use per employee by 30% (against 2010) and reducing paper use per employee by 40% against a 2014 baseline.

 See page 49 for how we are reducing our impacts



## IN FOCUS: BREAKING DOWN BARRIERS TO SOCIAL INCLUSION

Despite unprecedented social progress in recent decades, too many people around the world still have limited access to social, economic and political opportunities. Inequality and marginalization present a huge challenge and risk threatening the future social and economic stability of communities around the world.

We believe social inclusion is one of the most important challenges society is facing. That is why, in 2016, we made it one of the three priorities of our Corporate Responsibility Strategy. To amplify our role as a Committed Corporate Citizen, we launched Encouraging Future Generations – our new Social Inclusion program that targets better opportunities for young people worldwide.

“Social inclusion is one of the most pressing issues we face today around the globe. Allianz is proud to contribute by empowering young people and those who support them to take action for positive social change.”



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



# OUR CHANGING WORLD



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

## THE WIDENING GAP: SOCIAL EXCLUSION AND INEQUALITY

In December 2016, the UN published its 2016 Report on the World Social Situation – Leaving No One Behind: The Imperative of Inclusive Development. The report describes the extent to which social progress has helped to reduce poverty, improve health and provide better education around the world. Despite this, real and significant challenges remain – both social and economic. Many people are still excluded from the economic, social and political opportunities that enable them to participate fully in society and improve their quality of life. For this reason, the 2030 Agenda for Sustainable Development has inclusiveness and shared prosperity at its heart. The UN Sustainable Development Goals (SDGs) target improvements in social inclusion such as: No poverty, Zero hunger, Good health and well-being, Quality education, Gender equality, and Reduced inequalities. With the SDGs helping to re-shape our Corporate Responsibility agenda, we are using our opportunities to break down barriers to social inclusion, working with our partners and other stakeholders around the world.

“Poverty is not created by people. Poor people are not the cause of poverty. Poverty is imposed from outside, by creating many obstacles for them and denying many opportunities to them.”



**Professor Muhammad Yunus**  
Nobel Peace Prize Laureate

## HOW OUR WORLD IS CHANGING



**202mn**

people are unemployed globally, including 75 million young women and men, seven million in Europe.

**2bn**

estimated adults lack access to a transaction account and are excluded from the formal financial system.

**65.3mn**

people, or one person in 113, were displaced from their homes by conflict and persecution in 2015.

**1 in 10**

people in the world live under the international poverty line of U.S. Dollars 1.90 per person per day.

**745,545**

displaced people applied for asylum in Germany in 2016.

Young people, especially those who are not in employment, education or training, are the group at highest risk of social exclusion.

The risk of holding a poorly paid, precarious or insecure job is higher today than it was in 1995.

# UNDERSTANDING SOCIAL INCLUSION

The European Commission defines social inclusion as 'a process by which all citizens have the opportunities and resources necessary to participate fully in economic, social and cultural life, and to enjoy a standard of living and well-being that is considered normal in the society in which they live'. The causes of social exclusion go far beyond just poverty and can depend on many different issues, including race, age, ethnicity, gender, religion, place of residence, disability status, sexual orientation - anything that excludes people from opportunities.

In its 2017 Risk Report, the World Economic Forum highlights polarized societies and political landscapes, along with generational and cultural divisions, as taking center stage in an increasingly uncertain environment. Its Risks-Trends interconnections map (see right) shows how profound social instability, large-scale involuntary migration and unemployment or underemployment are having a significant impact and the extent to which they are interconnected with many other issues and challenges affecting society.

+ You can read the full report at [weforum.org/docs/GRR17\\_Report\\_web.pdf](http://weforum.org/docs/GRR17_Report_web.pdf)

## RISKS-TRENDS INTERCONNECTIONS MAP



# WHY DOES SOCIAL INCLUSION MATTER TO ALLIANZ?

As a global insurer, we rely on the principle of solidarity. Pooling risks is inherent in our business model and we have a major interest in creating stable communities. Civil unrest, social tensions and societal upheaval all pose a major business risk for Allianz.

Of course, we also have an interest in creating empowerment and access to employment for members of society, which in turn creates the talented and diverse workforce we rely on. Our reputation as a global employer and our license to operate depend on treating our employees fairly and being a trusted member of society.

## HOW WE CONTRIBUTE... ...AS A SUSTAINABLE INSURER

By the very nature of what we do – protecting people and businesses against risk – we have a significant positive social impact. Nowhere is this more the case than in emerging markets. We are committed to expanding our emerging consumer business offer to close the gap for more people who need access to low cost financial services (see page 32).

We are also widening access through our financial literacy initiatives. Digitalization is enabling more and more people to access insurance as we embrace the opportunities through our Digital by Default strategy. But it comes with risks – particularly around privacy and data protection. We are taking this risk seriously by enforcing robust security controls (see page 45).

## ...AS AN ATTRACTIVE EMPLOYER

Internally, we support social inclusion through our diversity and well-being programs, and by supporting groups, such as women in management and people with disabilities (see page 56). We also actively support employee rights and apply core human rights principles based on the United Nations Universal Declaration of Human Rights throughout our worldwide organization.

As a member of The B Team, we are part of the 100% Human at Work initiative that aims to grow human-centered companies designed to deliver equality, respect, growth, belonging and purpose to their employees and the communities in which they operate. Find out more at [Bteam.org](http://Bteam.org)

## ...AS A COMMITTED CORPORATE CITIZEN

Allianz operates 14 independent charitable foundations that are linked to its subsidiaries all over the world. Together, these foundations enable us to support a wide range of initiatives that tackle social, environmental and cultural issues in many countries (see page 65).

To scale up our contribution towards developing stronger, more inclusive communities, we reshaped our Corporate Responsibility Strategy in 2016 to include Social Inclusion as one of its three priorities. We launched our new citizenship program, Encouraging Future Generations, which aims to help break down some of the barriers facing young people around the world.

At our [2016 Vision Summit](#), we hosted over 500 diverse stakeholders to explore solutions to overcome the barriers to social inclusion, especially for young people. We were privileged to be joined by Muhammad Yunus, Nobel Peace Prize winner for his pioneering work on social business. He explained the effects of the concentration of wealth were a big threat to social inclusion but said 'wealth concentration can be addressed through social businesses, through encouraging entrepreneurship in all...and changing the financial system.'

Talking about how anyone could make a social impact, Yunus said he wanted people to see themselves as more than just employees, as problem-solving social entrepreneurs who can contribute to solving wider societal problems. One of the core aims of our Encouraging Future Generations Program is to empower young people to take up this opportunity.



# ENCOURAGING FUTURE GENERATIONS



We believe young people today hold the key to unlocking the solutions society needs for a better tomorrow. That is why we have launched Encouraging Future Generations to provide them with skills and inspiration, nurturing their talents and increasing their potential to make the most of the opportunities.

**Our aim:** To empower young people to grow with confidence and shape resilient, more inclusive societies.

## OUR CORPORATE RESPONSIBILITY GOALS

- Empower young people to grow with confidence and to shape resilient societies.
- Engage employees and use their skills, commitment and enthusiasm for social projects.
- Prove that we deserve acceptance in local communities and trust in our brand.

## HOW WE WILL DO IT

- Beneficiaries: children and youth around the world.
- Focus: humanitarian, intercultural and economic opportunities.
- Methods: social partnerships, awareness campaigns, dialogue events, training, awards, funds, employee volunteering and fundraising, foundation activities.

## GROUP-WIDE PROJECTS

- SOS Children's Villages partnership to support underprivileged kids (re-launch in 2016).
- Social Innovation Fund to incentivize projects in local Allianz entities (planned for 2017).
- Future dialogues to engage youth on social development (planned for 2017).
- Social-Tech Seed-Fund to support young entrepreneurs develop digital solutions that solve societal challenges (launch planned for 2018).



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

“With Encouraging Future Generations, we want to empower young people to be change makers to transform their own society. We don't have all the creative solutions, but if we can start a dialogue and support the future generations who have the potential – by providing the necessary skills and equal opportunities they need – then we can be part of the solution.”



**Tatijana Kulas**

Program Lead Encouraging Future Generations, Allianz SE



For more information on Allianz's role as a Committed Corporate Citizen see page 60



# MANAGING SUSTAINABILITY

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“Both Allianz and I personally have long been committed to managing the risks of climate change and advancing equality and social inclusion, and I am delighted to be able to contribute our expertise to The B Team’s initiatives. Business has an important role to play alongside other actors in devising innovative solutions to urgent problems, and I’m happy to join The B Team in its efforts to bring these topics to the forefront of the business agenda.”

### Oliver Bäte

Chairman of the Board of Management, Allianz SE

## JOINING THE B TEAM

In 2016, Oliver Bäte became a member of The B Team. He joins co-founders Richard Branson, Jochen Zeitz, Muhammad Yunus and 19 other global leaders in their collective effort to redefine the role of business as a force for social, environmental and economic benefit.

# MANAGING SUSTAINABILITY: OUR CORPORATE RESPONSIBILITY STRATEGY

As a result, we have renewed our focus in three areas:

In 2015, following extensive stakeholder dialogue both within and outside Allianz, our Chief Executive, Oliver Bäte, announced a new business strategy – our Renewal Agenda.

The Renewal Agenda focuses on five goals: True Customer Centricity; Digital by Default; Technical Excellence; Growth Engines; and Inclusive Meritocracy. It is fostered through a comprehensive cultural change process, which is underpinned by customer and market excellence, collaborative leadership, entrepreneurship and trust (see page 5).

In 2016, we continued to develop and implement our approach, building on the five pillars of our success – our integrity, financial strength, technical competence, operational excellence and talent base.

## OUR CORPORATE RESPONSIBILITY STRATEGY

Our Corporate Responsibility Strategy is organized around three focus areas, through which we respond to our material issues. In 2016, we re-defined our most material issues to enable us to refocus our strategy and organizational design (see page 8).


We are working to better align our Corporate Responsibility Strategy with our company strategy and integrating it further is a priority for the coming years.



### 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.


 See page 16



### Social Inclusion

using our role as an Insurer, an Employer and a 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.


 See article on page 17



### 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 Strategy** ensures ESG integration in all our insurance business and direct investments of proprietary assets.

 See page 26

“We work on integrating sustainability into our core business and maximizing the transparency of our sustainability performance. We’re constantly analyzing opportunities to improve Allianz’s sustainability performance.”



**Katharina Latif**  
Head of Corporate Responsibility, Allianz SE



## MANAGING SUSTAINABILITY: OUR CORPORATE RESPONSIBILITY GOVERNANCE

The highest governing body for sustainability-related issues is the Group ESG Board. Established in 2012, it consists of three Allianz SE Board members who meet quarterly. The Group ESG Board is responsible for integrating ESG into all business lines and core processes dealing with insurance and investment decisions. It also leads on associated stakeholder engagement. The three Board members assume responsibility for specific sustainability topics and functional departments provide regular updates on sustainability issues directly to the Board.

Current Group ESG Board members are:



**Dr. Axel Theis:** member of the Board of Management of Allianz SE since 2015, responsible for Global Insurance Lines & Anglo Markets, chair of the Group ESG Board.



**Jacqueline Hunt:** appointed to the Board of Management of Allianz SE in July 2016, responsible for Asset Management and US Life Insurance.



**Dr. Günther Thallinger:** appointed as member of the Board of Management of Allianz SE from January 2017 with responsibility for Investment Management.

In addition to the Group ESG Board, several committees with Board member leadership 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 ESG Board.

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

**Group Investment Committee:** monitors the Group's investment policy.



### CORPORATE RESPONSIBILITY MANAGEMENT

Our Group-level Corporate Responsibility management team is responsible for managing the strategic framework for all Group-wide sustainability activities, developing and introducing relevant policies, and supporting operating entities in integrating the Group's strategic approach and policies.

In January 2016, we merged our Group sustainability management function, which was previously made up of two Centers of Competence (Allianz4Good and the Group ESG Office) into a single Corporate Responsibility function. To strengthen the link

between climate and environmental topics, the Environmental Management function now sits within Allianz Re, working closely with Allianz Climate Solutions - our center of excellence on climate change and responsible for the implementation of the Allianz climate change strategy and related activities. The Corporate Responsibility department reports to Sabia Schwarzer (Head of Group Communications and Corporate Responsibility, Allianz SE) who reports directly to Oliver Bäte, CEO of Allianz SE. This ensures a close alignment with the CEO Office. Furthermore, in 2016 the Group ESG Board took on the responsibility for all corporate responsibility and climate-related topics.

## MANAGING SUSTAINABILITY:

# OUR CORPORATE RESPONSIBILITY GOVERNANCE

### DATA AND ASSURANCE

In 2016, our full sustainability report has been assured (limited assurance) by PwC to further enhance the quality of our sustainability information and data.

This will further improve the quality of our reporting and formalize the way sustainability is embedded across core functions and business units. Please find the assurance report [here](#). In addition we are preparing for the upcoming CSR Directive due to be incorporated in German law in 2017.

### RATINGS AND BENCHMARKS

Our objective is to continuously improve our performance and to strive for sustainability leadership in our sector. We see sustainability ratings such as the Dow Jones Sustainability Index (DJSI) as tools to promote transparency and trustworthiness towards markets and stakeholders. In our role as a Responsible Investor, we rely on these ratings as part of our long-term ESG integration approach for proprietary investments, as well as in the responsible investment products offered to its asset management customers.

In 2016, Allianz achieved its greatest improvement in the DJSI assessment so far: a +6%-point increase and up from Bronze to Gold in the RobecoSAM Yearbook since the previous year. Since its inception in 1999, Allianz has been included in the DJSI with top ranking positions each year since 2000.

### COMMITMENT TO SUSTAINABLE DEVELOPMENT PRINCIPLES

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.

Allianz is a signatory of the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI), a working group dedicated to integrating sustainability into investment management.

Allianz SE, Allianz Global Investors (AllianzGI) and the Pacific Investment Management Company (PIMCO) are also signatories of the UN-supported Principles for Responsible Investment (PRI), which aim to integrate ESG principles into investment decisions and management. Together, its network of international investor signatories represent more than 60 trillion U.S. Dollars of assets under management.

As asset managers, Allianz SE, AllianzGI and PIMCO also report annually on the progress made implementing the PRI. You can find our full PSI and PRI disclosures in our [Download Center](#).



# MANAGING SUSTAINABILITY: SUSTAINABILITY IN INSURANCE AND INVESTMENT

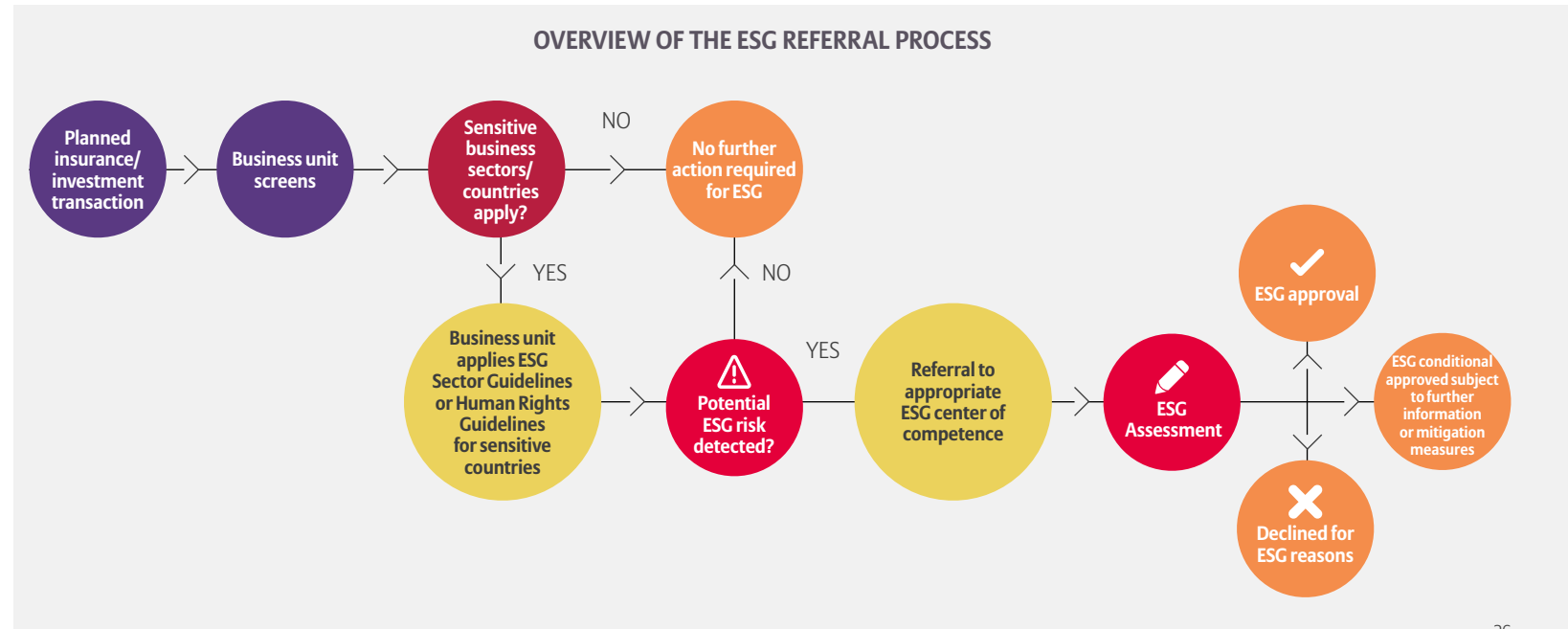
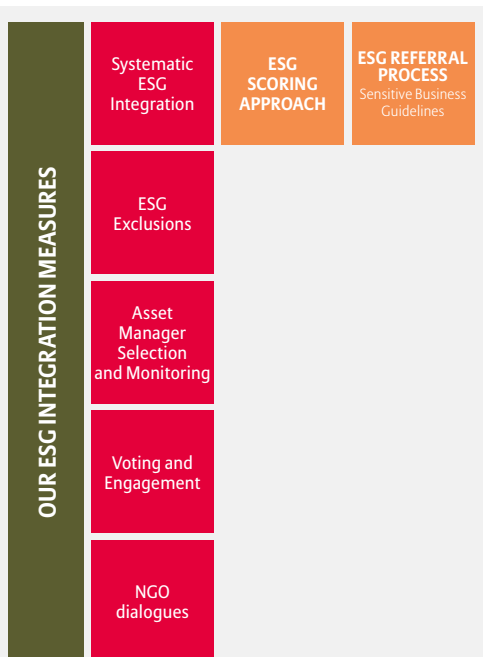
Our approach to integrating environmental, social and governance (ESG) issues into our insurance and investment businesses is part of our everyday decision-making. Over the past years, we have developed multiple instruments that allow us to integrate ESG concerns in our underwriting, investment and asset management activities. Which integration instrument we use depends on the type of transaction and asset class. All our ESG integration activities are implemented through Group-wide corporate rules on risk management, underwriting and investment.

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

In 2016, our ESG functions conducted 508 ESG assessments (2015: 405 assessments) based on the guidelines. In 47.2% of cases, the assessment leads to a transaction being approved. 49.4% were approved following certain mitigation measures or conditions being put in place, and 3.3% were declined on ESG grounds or not pursued by the business.

**508**  
ESG assessments were  
conducted in 2016

See our data tables for sector breakdowns, page 77




## MANAGING SUSTAINABILITY: SUSTAINABILITY IN INSURANCE AND INVESTMENT

For ESG integration in indirect investments, we rolled out a new ESG Scoring approach in 2016, which allows us to understand better the ESG risks and opportunities of investments in our proprietary portfolio. It expands the coverage of our ESG framework and allows us to systematically integrate ESG across all core business activities (see page 24).

In addition to systematic ESG integration, we use a variety of other tools to address ESG concerns, including: ESG investment exclusions; asset manager selection and monitoring with ESG criteria in mind; engagement and voting; investments in ESG opportunities such as renewables; and regular dialogue and exchange with internationally-recognized NGOs.

We have also published the Allianz ESG Integration Framework, which significantly increases transparency around our internal processes and guidelines related to our ESG approach.

 For more details about our ESG approach and processes, see the [Allianz ESG Integration Framework](#)

“In our investment approach, customers’ needs are the top priority. While all of our customers expect solid returns, they are increasingly interested in how we take sustainability into consideration when investing on their behalf. This is supported by our ESG Scoring. Attractive returns and sustainability are not mutually exclusive.”



**Andreas Lindner**  
Chief Investment Officer, Allianz Leben



### LOOKING AHEAD

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

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

We will continue to roll out the ESG Scoring approach for our proprietary fixed income and equities portfolio globally and will participate in a global consultation on ESG standards for underwriting lead by the UNEP-FI Principles for Sustainable Insurance.



# ALLIANZ'S ROLES

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<span style="color: #4CAF50;">■</span> Sustainable Insurer	29
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<span style="color: #607D8B;">■</span> Attractive Employer	52
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# OUR ROLE AS A SUSTAINABLE INSURER

“Profit margins in the Emerging Consumers segment are comparable to those in conventional business and we have all the reasons to expand further into this underserved segment. We believe it is good for customers and good for the company.”

**Martin Hintz**

Emerging Consumers, Allianz SE

## HIGHLIGHTS

- 508 insurance and investment transactions assessed for ESG risks.
- 100% score for ESG in insurance integration by DJSI.
- 1.1 billion Euro revenue generated through Sustainable Solutions.
- 55.3 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.
- Promoting industry-wide collaboration on approaches to ESG in infrastructure.
- Continuing to train underwriters and relevant employees in ESG screening processes.

## OUR ROLE AS A 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. Integrating environmental, social and governance (ESG) issues into our insurance business is fundamental, and creating new markets for products that enable sustainable development and support a low-carbon future brings significant opportunities for growth.

### SETTING HIGH STANDARDS

The Allianz Code of Conduct for Business Ethics and Compliance, and our Group-wide Minimum Standards for Sales Compliance lay the foundations for long-term trusting relationships with our customers. As an insurer and risk consultant, our exposure to ESG risk is mostly indirect through the risks we accept for our insurance clients. Prudent management of ESG issues represents a major opportunity for us to reduce risks in underwriting, both for our own business and for our customers.

Our Sensitive Business Guidelines apply to all our insurance businesses globally, whether acting as lead insurer or as part of a panel. A dedicated center of competence within the underwriting division of Allianz Global Corporate and Specialty (AGCS) offers ESG support for all property and casualty insurance transactions across the Group.

During 2016, we built a new ESG training module into the underwriting training academy. ESG is now integral to the professional development for all underwriters in the business.

### Commitment to the Principles for Sustainable Insurance

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.

In 2015, as part of a PSI collaboration, our subsidiary Euler Hermes worked with other insurance industry partners to examine the need for ESG principles in surety bond underwriting of infrastructure.

The outcome, presented at the Allianz-hosted PSI market event in Munich, sets out the need for an industry standard on ESG integration. Allianz will actively support the PSI in consulting and developing on an industry-wide approach to ESG in 2017.



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

### Sustainable innovation

Sustainable innovation provides an increasing business opportunity for the insurance market, as evidenced by the continued growth of the sustainable products market. Our solutions are outlined on page 31.

As part of our Sustainable Solutions, we create products that improve peoples' lives. We are a leader in the emerging consumers sector and have already reached over 55 million people on low incomes in Asia, Africa and Latin America with affordable microinsurance, micro-savings and micro-equity solutions (see page 32).

### Digital by Default

Through online technologies, more customers can find out about, buy and interact with our products. This is especially important in emerging markets. Our priority is to ensure the customer's experience is consistent on- or offline.

Allianz Property Solutions is a digital innovation in the Claims Inspection of Property damages with the key benefits of improving customer experience through a much faster process and increased transparency and the efficiency of property claims through a faster on-site assessment and an immediate inspection report generation. With the usage of Allianz Property Solutions we are building an increased property intelligence that will enable better policy pricing and underwriting in the future.

## OUR ROLE AS A SUSTAINABLE INSURER: SUSTAINABLE SOLUTIONS

We revamped our Green Solutions program in 2016 and transformed it to encompass the wider Sustainable Solutions agenda. Since it was launched in 2012, our Green Solutions have focused on identifying insurance, assistance service and asset management solutions that have a positive environmental or climate-related impact. Over the past year, we expanded the scope of our Sustainable Solutions program to include solutions that have a wider social added-value. As part of the redefinition process, we have adjusted our scoring and data collection methodologies accordingly.

The continuing boom in sustainable and innovative products shows how insurance can positively impact on society and the environment, while serving customers and businesses. Low-carbon and socially responsible products are becoming increasingly popular – enhancing customers' quality of life and incentivizing low-carbon behaviors.

In 2016, we generated 1.1 billion Euro in revenues from 156 Sustainable Solutions. The following summary describes just some of the ways we are helping individual and business customers manage their risks while promoting sustainable behaviors.

### MOBILITY

We are constantly exploring new solutions to promote sustainable mobility and help our customers reduce their transport emissions.

For individual customers, our mileage-based tariff offers pay-per-use car insurance with lower rates when customers use their vehicles less frequently. We also offer lower Electric and Hybrid Vehicle Tariffs and we have introduced a new policy in the Netherlands for owners of electric bikes. For business customers: Our Green Fleet Services track corporate fleets to optimize fuel efficiency and encourage environmentally friendly driving behavior.

### RENEWABLE ENERGY

We are specialists in insurance for the renewable energy sector, offering tailor-made risk insurance for complex renewable energy projects including business interruption, liability or technical failure. We also offer insurance covering the financial loss from reductions in annual energy output compared to 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.

### ENVIRONMENTAL SUSTAINABILITY

The potential to increase energy efficiency in commercial real estate is vast, offering customers both financial savings and reduced greenhouse gas (GHG) emissions. Through our Eco Upgrade, we offer business customers coverage for the cost of replacing damaged property and modernizing buildings with energy-efficient utilities and construction materials in cases of damage.

For individual customers, our Modernization Insurance allows rebuilding and upgrading according to green building standards, using environmentally friendly materials or applying energy-efficient measures. Through our Energy Efficiency Advisory services, we also consult on ecological disposal and energy-saving measures. Our Green Life Insurance, available in Austria, France, Germany and Hungary, offers customers the ability to invest their life insurance premiums in eco-sector funds.

### WEATHER

Weather can wreak havoc on businesses and homeowners alike. From 1980 to 2015, weather-related incidents have cost society and the economy more than 3.2 trillion U.S. Dollars. Allianz WeatherSafe is available as a free iPhone/Android App in many different countries and offers reliable weather information, warnings and advice to guard against damage on the move.

Weather directly impacts on renewable energy producers that rely on sun, wind and water. Insurers like Allianz are underwriting such new risks. Revenue, expenditures, and production data are cross-checked against weather data to calculate a weather index. If weather causes damage, the insurance policy pays out. This has benefited a range of customers, from farmers in Germany and construction companies in the Netherlands, to electricity providers in Great Britain.

For the agriculture sector, we help protect customers against increased crop failure risk (from drought or flooding, for example) through products such as our multi-peril crop insurance, which combined with satellite data, provides real-time data on crop development and possible weather impacts.

Beyond our business customers, governments also benefit from our weather protection products.

### MANAGING CLIMATE CHANGE RISKS IN DEVELOPING COUNTRIES

In 2016, we worked with other members of the new Insurance Development Forum (a public-private partnership between the World Bank, the United Nations and the insurance industry) to investigate solutions to help developing countries manage climate change risks. In particular, we have been engaged in developing early thoughts around a new platform called the Technical Assistance Facility (TAF), which aims to help developing countries set up insurance mechanisms by assessing and understanding these risks.



## OUR ROLE AS A SUSTAINABLE INSURER: SOLUTIONS FOR EMERGING CONSUMERS

We pioneered our first ever microinsurance in 1926, a life insurance product aimed at lower income customers in Germany. Since then, we have refocused our offer on supporting low-income customers in Asia, Africa and South America. We are committed to expanding our emerging consumers business offer to continue closing the gap for people who need access to low cost financial services.

### Beyond 50 million customers

In 2015, we broke through the 50 million customer mark in the rapidly expanding emerging consumers market. 2016 revenues grew by 95% to 302.5 million Euro – equivalent to around 5.5 Euro annual revenue per customer in this market. 99% of these revenues still stem from microinsurance. The great majority of these customers hold only one insurance policy,

mostly life insurance showing that our 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 micro-savings and micro-equity options. In 2016, we rebranded our 'microinsurance' business to 'emerging consumers' to reflect the broader customer base, strengthening our focus on people and their needs and reflecting the increasingly diverse services we offer beyond just insurance.

Overall, the emerging consumers market includes a potential 3.5 billion customers. We see business expanding exponentially in this area, along with the global middle class which is predicted to grow to around five billion by 2030. Most of this growth is expected to be in Asia, South America and Africa – our primary emerging consumers markets.

### TESTING A NEW MODEL OF MICRO-EQUITY IN INDONESIA



In June 2016, we launched a new micro-equity program in Indonesia. Our aim is to help transform informal micro-enterprises into formal companies that create reliable employment. The model, which has never been tested before, is compliant with Islamic finance principles and relies fully on digital money. Investees receive start-up financing of as low as 75 U.S. Dollars, at no interest, without collateral and on flexible repayment plans that allow for full default and failure. Successful investees who return

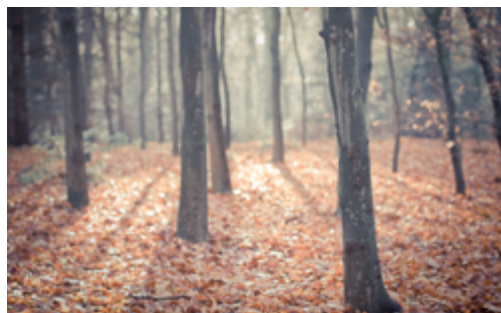
their investment with voluntary profit sharing will be selected for dedicated mentoring and training – with the ultimate target of company formalization, allowing Allianz to take a minority stake in these companies. We are currently supporting 60 investees in this micro-equity program and, if it shows promise over the course of the next year, we will evaluate the possibilities of expanding it further.

Watch our [short film](#) to find out more.

## OUR ROLE AS A SUSTAINABLE INSURER: 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.

We have a global standard Sales Compliance Program, which comprises 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.



### Promoting ethical standards

The Allianz Broker Remuneration Principles state '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'.

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

Across all of these responsible sales controls is the globally binding Allianz Code of Conduct for Business Ethics and Compliance, which specifies:

- Employees of Allianz Group must not, either by their action or statements, seek to mislead the market or customers; and
- 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.

### Listening to our customers

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

We measure customer satisfaction through the Net Promoter Score (NPS), which helps to rate all major Allianz services to customers (see page 44) and provides a sustainable incentive system. Complaints are another important source of customer 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 that customers are treated fairly.



For further information see 'Protecting our customers', see page 45

### LOOKING AHEAD

We will continue to expand our product range where opportunities exist. We will work to better define 'social' products and assess the potential for more transparent communication around these.

The use of mobile technologies will become increasingly critical to all markets, but specifically for our emerging consumer business. Our Digital by Default strategy is already helping us respond to this trend.

We will deepen our engagement with global initiatives like the PSI, analyzing sensitive business referrals and reviewing the potential for greater broker engagement.



# OUR ROLE AS A RESPONSIBLE INVESTOR

## HIGHLIGHTS

- 1.9 billion Euro new debt and equity investments in renewable energy, bringing the total to date to 4.6 billion Euro.
- Group-wide divestment of 225 million Euro in equity and run-off of 3.9 billion Euro in fixed income from coal-based business models.
- ESG Scoring tool introduced to better inform investment selection and management of ESG risks and opportunities in fixed income securities and listed equities.
- 128.2 billion Euro Sustainable and Responsible Investments (SRI) across AllianzGI and PIMCO.
- Allianz and International Finance Corporation (IFC) signed partnership to invest in emerging markets infrastructure.

## CHALLENGES

- Increasing the usability of sustainability indices for large-scale investors and embed ESG aspects into broader, market-cap indices.
- Influencing positive change in the industries/companies we invest in.



“We are living in a fast-changing world with increasing tension and uncertainty. A long-term perspective continues to be important for our customers. Using our Environmental, Social and Governance (ESG) Scoring, we want to make investment decisions which foster sustainable markets and societies.”

### Dr. Günther Thallinger

Member of the Board of Management of Allianz SE, Investment Management

## OUR ROLE AS A RESPONSIBLE INVESTOR: OUR APPROACH

As a large asset manager and investor, we take environmental and social risks very seriously. We seize on opportunities to maximize the value we can create in these areas. Our roles as an investor are two-fold. Firstly, we invest proprietary assets (mainly the premiums collected from our insurance customers) and we also invest assets on behalf of customers through our third-party asset management business. Both of these roles come with implicit responsibilities.

At Allianz, responsible investment means systematically integrating ESG factors into all our investment decisions. Allianz SE and our asset managers, AllianzGI and PIMCO, are all individual signatories to the United Nations-supported Principles for Responsible Investment (PRI). These principles guide our approach to responsible investment and drive continuous improvement across our businesses.

### ESG IN OUR PROPRIETARY INVESTMENTS

Allianz invests more than 650 billion Euro – mainly the premiums we collect from our insurance customers – in a wide range of asset classes. We systematically integrate ESG across our entire investment portfolio and we are continuously improving and deepening our approach.

The Allianz ESG Functional Rule for Investments (EFRI) provides the foundation of our ESG integration approach and comprises the following key pillars:

**Asset Manager selection, mandating and monitoring:** EFRI binds all asset managers acting on behalf of Allianz 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 Allianz's expectations. As of the end of 2016, 95% of our assets under management were managed by asset managers who are either PRI signatories or who have an ESG policy in place.

<sup>1</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>2</sup> Utilities generating 30% or more of electricity from coal and mining companies generating 30% or more of their revenue from thermal coal.

### Systematic integration of ESG factors –

**ESG referral process:** For direct investments, such as real estate, infrastructure and private equity, we address ESG risks using our referral process (see page 26). We have developed guidelines for 13 sensitive business areas. For each transaction in a given sensitive business area an ESG screening is mandatory. If an ESG risk is detected during screening, the referral process is triggered, leading to a detailed assessment of the potential risk. Based on the assessment outcome, we decide to proceed a transaction, proceed and require the mitigation and management of ESG risks or decline a transaction on ESG ground.

### Systematic integration of ESG factors –

**ESG Scoring:** In 2016, we strengthened consideration and transparency of ESG factors in our fixed income and public equity portfolio. Our new ESG Scoring approach systematically measures the ESG performance of our fixed income (corporates and sovereigns) and equity portfolios. With this information, we are able to more comprehensively consider ESG criteria in our investment selection, leading to a more targeted management of ESG risks and opportunities in our portfolio. ESG data is provided by external data provider MSCI ESG Research (for further details, please see case study on the next page).



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

**Excluding certain sectors:** We apply exclusion criteria that restrict investment in certain sectors – such as companies producing or associated with banned weapons<sup>1</sup> and coal-based business models<sup>2</sup>. In 2016, we divested 225 million Euro in equity from coal-based business models and the fixed income run-off of a total of 3.9 billion Euro is in progress.

**Voting and engagement:** In line with our commitment to the PRI, we see it as our responsibility to help to address systematic hurdles to ESG integration, working with our peers, regulators, and other market participants, as well as working towards improved ESG performance of our investee companies. AllianzGI conducts ESG specific engagements with selected investee companies on behalf of all their assets under management, also including our proprietary assets. In 2017 we are planning to develop a more systematic approach to ESG engagement as asset owner.

**ESG opportunities:** Responsible investment does not only mean mitigating ESG risks. There are also many opportunities where a social or environmental need creates a commercial growth opportunity. Next to our large renewable energy investments (see page 37), we finance other key infrastructure projects with environmental and social benefits, such as the Thames Tideway Tunnel.

In 2016, we launched a partnership with the International Finance Corporation (IFC). It will see us invest 500 million U.S. Dollars alongside IFC debt financing in infrastructure projects in emerging markets worldwide, contributing to economic growth and lasting prosperity in these countries.

## OUR ROLE AS A RESPONSIBLE INVESTOR: OUR APPROACH

### ESG IN OUR REAL ESTATE INVESTMENTS

Allianz Real Estate has developed its ESG ambition, emphasizing its commitment to acting as a responsible investor and asset manager and underlining its determination to improve its ESG performance. Most business partners (external fund managers) now have an ESG policy in place and we continuously enhance the energy efficiency of our portfolio. Further actions comprise the introduction of 'green leases', including annual building reporting and environmental review among tenants in France, with potential to roll out to other countries in future. In the first half of 2017, Allianz Real Estate will develop a new ESG framework, setting out its ESG ambition for the coming years and actions to achieve it.

### MAKING ESG A VITAL PART OF OUR INVESTMENT DECISIONS

In 2016, we introduced a comprehensive ESG Scoring approach to ensure the sustainability of our proprietary investments. Developed in cooperation with NGOs Transparency International, WWF and Germanwatch, as well as our asset management entities AllianzGI and PIMCO, the new approach is designed to systematically evaluate and manage material ESG risks and opportunities across fixed income and equity portfolios.

Using data from MSCI ESG Research, the scoring approach measures investments in over 8,000 companies and governments in terms of their sustainability performance. Assessment is based on 37 key areas including, for example: greenhouse gas emission; operational energy efficiency; occupational safety; data protection; corruption; and money laundering. In our pilot phase, we have identified an ESG performance threshold below which we consider investments as 'ESG critical'. An asset manager with investments below this threshold, must 'comply-or-explain' – meaning divest or explain the reasons for holding these issuers. The threshold is reviewed regularly and adjusted when necessary. The pilot covered the German Allianz Leben and Allianz Private Krankenversicherung portfolios, which sum up to more than one third of total assets under management. We plan to roll out the scoring approach to our entire global portfolio in 2017.



## OUR ROLE AS A RESPONSIBLE INVESTOR: FINANCING A LOW-CARBON ECONOMY

As one of the world's largest institutional investors, we can play a key role in building a low-carbon economy. By investing our proprietary assets in energy-efficient real estate and renewable energy, we help reduce climate emissions and create sustainable economic growth. In the current low interest rate environment, such investments can offer stable, long-term returns and increase portfolio diversification – benefiting our customers, our business, and the environment.

### 2016 HIGHLIGHTS

1.9 billion Euro new debt and equity investments in renewable energy, bringing the total to date to 4.6 billion Euro.

Group-wide divestment of 225 million Euro in equity and run-off of 3.9 billion Euro in fixed income from coal-based business models.

Introduced the Allianz Climate and Energy Monitor.

Allianz Capital Partners wind and solar portfolio generates enough renewable energy to supply over one million households.

### OUR INVESTMENTS

By 2020, annual global investments required to sustain the energy transition consistent with the goal of limiting the global increase in temperature to 2°C will have risen to 790 billion U.S. Dollars. This amounts to less than 1% of today's total assets under management of pension funds and insurance companies (92 trillion U.S. Dollars).

Climate-related investments, such as renewable energy, provide an attractive growth market and contribute to greater portfolio diversification. They also provide sound and stable long-term returns that are generally not linked to the ups and downs of financial markets. This fits well with our investment strategy for life insurance premiums.

Allianz Capital Partners (ACP) is our in-house investment platform for alternative equity investments. With a growing portfolio of wind energy and solar power, its equity investment in renewable energy by the end of 2016 was 3.5 billion Euro (up from 2.4 billion Euro in 2015). This includes 71 wind farms and seven solar parks in France, Germany, Italy, Sweden Austria, Finland and the U.S. ACP's wind and solar portfolio generates sufficient renewable energy to supply over one million households.

Next to our equity investments, we also provide debt financing to renewable energy projects, for example two solar parks in Spain and a wind park in the U.S., amounting to over 1.1 billion Euro by the end of 2016.

We are also investing in other projects that contribute to a low-carbon economy. For example, we have invested in low-carbon projects, generating certificates that can be used to offset our carbon footprint and become a carbon-neutral business. Our Reducing Emissions from Deforestation and Degradation (REDD+) investments in Kenya, the Democratic Republic of the Congo and Indonesia not only generate CO<sub>2</sub> certificates, but also help protect biodiversity and support local communities. For example, through our investments, one community living next to the Rukinga Sanctuary in Kenya has benefited from job creation and received support for the construction of classrooms and rainwater catchment systems for its schools.

**4.6 billion**  
Euro debt and equity investments  
in renewable energy by the end of 2016



## OUR ROLE AS A RESPONSIBLE INVESTOR: ENGAGING WITH REGULATORS

### ENGAGING WITH REGULATORS

As a long-term investor, we believe effective regulatory frameworks are important for supporting low-carbon investing. Reliable and stable regulation enables access to larger pools of capital at lower cost. Hence, an integrated approach can help reduce the costs associated with the shift to a low-carbon economy.

We actively promote the development of an appropriate regulatory framework through political dialogue, industry-wide initiatives such as ClimateWise and UN Environment Programme Finance Initiative (UNEP FI), and by supporting research.

Examples of Allianz Executives' participation in political dialogues in 2016 include:

Oliver Bäte, Chairman of the Board of Management, Allianz SE, attended 'Finanzwende Forum Divest-Invest' organized by the German party 'Bündnis 90/Die Grünen'. He gave a keynote speech on the 'Necessary elements to mobilize the finance industry for transition' and participated in a panel discussion.

Dr. Andreas Gruber, Allianz Chief Investment Officer, attended the 7th Petersberg Climate Dialogue, co-hosted by the Governments of Germany and Morocco under the title 'Making the Paris Agreement a reality'. He gave a speech for a roundtable discussion on 'Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development', highlighting that institutional investors need clear price signals, public-private partnerships and long-term policy plans to further increase investments in renewables.

"A simple law in physics states that if you need to change a heavy object, you need energy and direction. The energy we have, what we need now is the direction. I ask regulators to provide the financial sector with a stable, transparent, predictable legal framework for a sustainable transition."



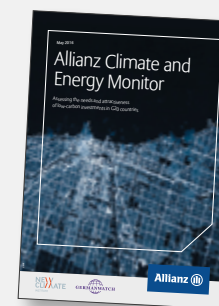
**Oliver Bäte**  
Chairman of the Board of Management,  
Allianz SE

### INTRODUCING THE ALLIANZ CLIMATE AND ENERGY MONITOR

In 2016, Allianz launched its first Climate and Energy Monitor, and commissioned NewClimate Institute and Germanwatch to assess the investment needs of the world's G20 countries to deliver an energy transition, as well as their attractiveness as potential destinations for investment in low-carbon electricity infrastructure.

Key results of this yearly ranking include:

- No country is currently taking sufficient action to combat the investment gap in the power sector which would be necessary to be aligned to a 2°C limit in global average temperature increase.
- The countries vary widely in terms of their investment needs and attractiveness. Most attractive for investment are Germany, the U.K. and France. Countries with the highest investment needs are India, South Africa, Indonesia.



"The G20 nations are at risk of falling short of the climate goals they set in Paris in December 2015. The reason: a growing gap between current investments in renewable energy sources and future needs. The International Energy Agency (IEA) projects the need at 790 billion U.S. Dollars a year as early as 2020, and 2,300 billion U.S. Dollars per year by 2035. Analyses by the Allianz Climate and Energy Monitor see the reasons for that in inadequate or non-existent climate strategies, together with their deficient implementation in the energy sector."

Allianz Climate and Energy Monitor 2016

[+](#) You can read the full report [here](#)

## OUR ROLE AS A RESPONSIBLE INVESTOR:

# ESG IN THIRD-PARTY ASSET MANAGEMENT

### ESG IN THIRD-PARTY ASSET MANAGEMENT

Allianz is one of the world's largest asset managers and offers investment solutions that deliver sustainable long-term returns. As well as investing our own money responsibly, we incorporate ESG factors when we invest third-party assets.

We run our asset management business out of two investment management entities: Allianz Global Investors (AllianzGI) and the Pacific Investment Management Company (PIMCO), which operate under the Allianz Asset Management holding (AAM).

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

At the end of 2016, total SRI managed for third parties by AAM entities amounted to 128.2 billion Euro. The largest share of AAM's total SRI assets under management are managed by PIMCO, which totaled 115.6 billion Euro. In addition, AllianzGI managed 12.6 billion Euro<sup>1</sup> of SRI investments.

### 2016 HIGHLIGHTS

128.2 billion Euro SRI investments across both AllianzGI and PIMCO.

AllianzGI launched the Allianz Renewable Energy Fund 2.

PIMCO developed a dedicated ESG investment platform globally.

AllianzGI directed a letter targeting better carbon disclosure from oil and gas companies to the U.S. Securities Exchange Commission and the White House Council on Environmental Quality.

### ALLIANZGI

AllianzGI aims to incorporate ESG criteria across the investment value chain to deliver better investment outcomes and competitive returns for its clients. Through its active approach to investment management and active client dialogue, the business offers tailored investment approaches that are adaptable to different levels and demands of ESG integration. AllianzGI's investment professionals benefit from fundamental ESG research mainstreaming, informing them about ESG investment risks and opportunities. Active stewardship through engagement and proxy voting is considered key.

The responsible investment strategies offered by AllianzGI include:

- 1) ESG integration – integration of ESG research analysis into traditional investment strategies.
- 2) Thematic ESG opportunities – for those wishing to invest in specific ESG growth sectors, such as renewable energy or water.
- 3) Best-in-class investments – for clients wanting to invest in best-in-class companies to ensure ESG standards and a positive ESG footprint.
- 4) Norm/value based investments, which incorporate positive and negative screening.
- 5) Impact driven investments, which aim to achieve an intentionally targeted and measured social or environmental impact while realizing a financial return.

AllianzGI's ESG approach extends traditional investment analysis. It involves a two-step approach: **'Understand. Act.'**

**Understand.** ESG factors have the potential to impact the performance of investment portfolios across asset classes, sectors, companies and regions, as well may impact a multitude of client and stakeholder interests. We integrate material ESG factors into our fundamental investment analysis, contributing to investment risk assessment, early identification of long-term investment opportunities, and targeting better investment decisions and outcomes.

# 128.2bn

Euro of SRI investments managed by AllianzGI and PIMCO

<sup>1</sup> This SRI figure only includes third-party assets. In addition, AllianzGI managed 12.0 billion Euro of Allianz proprietary assets in SRI products.



## OUR ROLE AS A RESPONSIBLE INVESTOR:

# ESG IN THIRD-PARTY ASSET MANAGEMENT

**Act.** We believe only an active investment approach delivers the full benefits of ESG integration to our clients. We therefore combine integrated ESG analysis with robust stewardship, ensuring we take action that improves the risk profile of our investments and steers companies towards greater and more sustainable long-term profitability.

The foundation of our active investment approach is guided by ESG risk information provided by our central ESG Research team. It is made available globally to all AllianzGI portfolio managers and the complete research staff through our research platform 'Chatter'.

In 2016, AllianzGI's collective and policy-related engagements focused on the themes of climate change, supply chain risk, and improving transparency and disclosure:

A letter was sent to the U.S. Securities Exchange Commission and the White House Council on Environmental Quality outlining the need for better carbon disclosure from oil and gas companies.

We called for improved ESG disclosure across all public companies through the Sustainable Stock Exchanges Initiative by asking stock exchanges globally to adopt voluntary guidance for issuers on reporting ESG information.

On improving labor standards, AllianzGI signed a third investor statement on the anniversary of the Rana Plaza Factory collapse calling on companies sourcing in Bangladesh to address persistent systemic issues in the country's garment sector which continue to not only put workers at risk, but also pose material, financial and reputational risk to companies and their investors.

For more details on AllianzGI's ESG approach, please have a look at their:

- [ESG website](#)
- [PRI Transparency Report for FY 2016](#) (will be available in June 2017)

### ALLIANZGI: ALLIANZ RENEWABLE ENERGY FUND 2

The transition to a low-carbon economy requires large-scale investments in renewable energy sources such as wind and solar.

An example for such large-scale renewable energy investments is the continuing growth of the AllianzGI Infrastructure Equity Team throughout 2016. By November 2016, with the successful final closing of its second closed-end Allianz Renewable Energy Fund (AREF2) the team raised approx. 350 million Euro from institutional investors. One month later, at the end of December 2016, the team managed to already invest about 50% of the fund in renewable energy assets. This development demonstrates how quickly investors can actually generate true impact and contribute to achieve the targets set by the Paris Agreement. The acquired solar and wind assets are located in Germany, Sweden and the U.K. With its established funds the team finances the generation of renewable energy to power 450,000 households or the equivalent of a city of the size of Stockholm.

"In addition to supporting the Paris Climate Agreement and the energy transition, these types of investments provide investors with solid returns in a low interest rate environment. Low-carbon investments prove that sustainability marries with a business case and we have been successful with this strategy – even against initial headwinds."



**Dr. Armin Sandhövel**  
Chief Investment Officer,  
Infrastructure Equity, AllianzGI

## OUR ROLE AS A RESPONSIBLE INVESTOR: ESG IN THIRD-PARTY ASSET MANAGEMENT

“For many investors, screening out undesirable investment categories isn’t enough anymore. They want to use their investments to promote change in the world. Our ESG platform provides the tools to do that without compromising on returns.”



**Andrew Balls**

Managing Director and Chief Investment Officer of Global Fixed Income, 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's approach to ESG is covered in induction training for every new and recently hired employee. In addition, ad hoc 'Teach-Ins' provide a forum for discussions with industry experts and organizations, and a regular newsletter updates employees on important ESG market trends and internal developments.

PIMCO continues to be active in shaping the direction of sustainable and responsible investing. For example, activities in 2016 included:

- Strengthening its credit research template with a dedicated ESG section that enhances the ability of research analysts to incorporate ESG factors in a consistent, structural and transparent way.
- Increasing engagement with the Principles for Responsible Investing (PRI) as a member of the Fixed Income Steering Committee and as Chair of the newly formed Bondholder engagement committee.

- Launching a new engagement protocol for dedicated bondholder portfolios, pioneered with a European bank, whereby a customized ESG engagement questionnaire was sent to the company and discussed with senior management.
- Development of a dedicated global ESG platform offering a range of fixed income solutions to investors seeking attractive returns while making a positive social impact. The framework includes three key elements: 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. As part of this new platform, the PIMCO GIS Global Bond ESG Fund was launched in January 2017 in EMEA. In addition two of its socially responsible funds in the U.S. will be enhanced to incorporate a wider range of ESG considerations in the investment process.

For more details on PIMCO's ESG approach, please have a look at their:

- [Relaunched ESG website](#)
- [PRI Transparency Report for FY 2016](#) (will be available in June 2017)

### LOOKING AHEAD

For our proprietary investments, we plan to roll-out the ESG Scoring approach to our complete portfolio by the end of 2017. Based on the additional transparency and learnings gained regarding the ESG performance of the issuers in our portfolio, we will define further sustainability targets whereby decarbonization continues to play an important role.

In the medium term, our strategy is to continually grow and diversify our alternatives portfolio, including renewable energy, as we plan to double our equity investments in renewable energy projects while also pursuing diversification in both size and geographic scope.

In the first half of 2017, Allianz Real Estate will develop a new ESG framework, setting out its ESG ambition for the coming years and actions to achieve it.



# OUR ROLE AS A TRUSTED COMPANY

“For Allianz, the number one priority is to understand everything about our customers to provide added-value to them in the future. The most profitable and fast growing businesses will be those that achieve the highest customer satisfaction. We need to take technology and entrepreneurship and deliver better products to customers, with better service, at a better price.”

**Oliver Bäte**

Chairman of the Board of Management, Allianz SE

## HIGHLIGHTS

- 55% of the business segments measuring NPS\*, significantly performed above market average or even achieved loyalty leadership in their market.
- CO<sub>2</sub> emissions down 25.3% per employee since 2010.
- 254 suppliers have signed our Vendor Code of Conduct.

## CHALLENGES

- Reinforcing the trust our stakeholders have in Allianz through demonstrating trust, competence and resilience.
- Further optimizing the customer experience through paperless communication, simplified product design and digital servicing whilst ensuring data security.
- Further reducing our environmental impacts as a large internationally operating company.

\* Focus on retail business

## OUR ROLE AS A TRUSTED COMPANY: OUR APPROACH

True Customer Centricity is a key component of our Renewal Agenda. It focuses on putting our customers at the heart of everything we do, in order to deliver superior value with an excellent and caring customer service. We aim for it to be easy and convenient to do business with us; our products and services to be relevant to the customer, and to be seen as trustworthy and fair.



### TRUE CUSTOMER CENTRICITY

To develop the right products for our clients and interact with them as effectively as possible, we need to understand what they want from us. The model we are using is very simple: measure, analyze, act. We make it come to life by collecting feedback directly from our customers, using tried and tested survey tools and methodology, then following up on what they tell us by taking direct action.

In terms of tangible outcomes, by 2018 Allianz Group aims to achieve a step-change global Net Promoter Score (NPS) performance, with 75% of our businesses above market or in a loyalty leader position.

### DIGITAL BY DEFAULT

The insurance industry has been trying to make it easier for anyone to make provisions for the years ahead. Digitalization is enabling social inclusion but it comes with data security risks. It is the insurance sector's responsibility to balance universal access and 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.

Our Digital by Default strategy is taking us towards paperless communication, simplified product design and digital servicing to customers in our markets. So far 59% of our outbound communication is digital. One example of how we integrate digitalization is the Global Digital Factory.



The **Global Digital Factory** is the new digital delivery arm of Allianz Group. The Factory produces global digital solutions for engaging customer experiences. It enables Allianz operating entities to digitize and strengthen customer ties. Together with the operating entities, it creates winning user experiences; delivers reusable, customer-validated results; and scales solutions to serve the diversity of our customers across the globe.



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

### FOSTERING INTEGRITY, COMPETENCE AND RESILIENCE

Our strategy is built on reinforcing the trust our customers have in Allianz through demonstrating integrity, competence and resilience in everything we do. Behind the scenes, we work hard to build a culture of compliance, ethical decision-making and good governance.

Our approach encompasses a wide range of focus areas: ensuring robust privacy controls to give our customers the peace of mind that their personal information is safe and secure; adopting the highest ethical standards and acting with integrity by providing the strongest leadership through our two-tier Board system, Code of Conduct and internal controls; managing our environmental impacts with a particular focus on climate change; and extending our approach by managing risk and promoting sustainability in our supply chain.

## OUR ROLE AS A TRUSTED COMPANY: GROWING WITH OUR CUSTOMERS

# 55%

NPS\* Score above  
market average

### GROWING WITH OUR CUSTOMERS

We want to accompany our customers throughout their life, identifying their emerging needs and adapting our business accordingly. Continuous feedback from them helps us improve our products, services and processes, and offer easy and adaptable solutions.

#### 2016 HIGHLIGHTS

55% of the business segments measuring NPS\*, significantly performed above market average or even achieved loyalty leadership in their market.

Further rollout of the Customer Experience Management Program.

#### Customer feedback

We aim for a superior customer experience by gaining a better understanding of our customers' needs and tailoring our services as to fully meet their expectations. To achieve this, it is vital that we ask our customers for direct feedback regarding the experience they have made with Allianz – for instance 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

Our key global metric for customer loyalty is the Net Promoter Score (NPS), the measurement of our customers' willingness to recommend Allianz. Top-down NPS is applied regularly according to global cross-industry standards, allowing benchmarking against competitors in the respective markets.

In 2016, 55% of the business segments measuring NPS\*, performed above market average or even achieved loyalty leadership in their market.

Through our Customer Experience Management Program, we go one step further and systematically measure customer experience, identify key areas for improvement and holistically enhance drivers of satisfaction along the entire customer journey, as opposed to at individual touch points.

By the end of 2016, 24 Allianz Group companies around the world had applied the Customer Experience Management approach, which will allow them to implement customer-centric solutions along individual customer journeys, with top priority given to an excellent customer experience.



### IMPROVING THE CUSTOMER JOURNEY IN MALAYSIA

In Malaysia, we have reviewed and improved the customer journey along health claim reimbursement and motor claims handling. With strong focus on increasing transparency and intensifying a personal and caring relationship with our customers, our colleagues in Malaysia implemented a set of targeted initiatives. Activities range from 'Get well soon' greeting cards and personal 'How can we help' calls from Allianz Customer

Service team members within the health journey, to transparent overviews and itemized breakdowns of what has been repaired, as well as car wash offerings, along the motor journey. After just three months, they saw a substantial positive impact on the customers' willingness to recommend Allianz within their Bottom-up NPS measurement, with continued positive results throughout the year.

\* Focus on retail business.

## OUR ROLE AS A TRUSTED COMPANY: PROTECTING OUR CUSTOMERS

Our customers' needs, and how we meet them, are central to our ambition to stay part of the strongest financial community in the world. We want to be the most trusted partner within our core business of insurance and investments. As part of this, our customers rightly expect their personal information to be treated with the utmost care. We take this responsibility extremely seriously. Despite our commitment to a Digital by Default service, we ensure robust privacy controls continue to offer our customers the peace of mind that their personal information is safe and secure.

### 2016 HIGHLIGHTS

No reported material breaches of privacy rules.

Fully-automated Privacy Impact Assessments for high-risk processes that use personal data.

Developed and deployed Allianz's Digital Privacy Guidelines.

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 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 and employees. 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](#), which 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 risk processes that use personal data enable the early identification of risks and 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. In addition, privacy risks are included at Allianz Group-level risk processes, including self-assessments which help us measure and monitor privacy risks across the organization.

### SAFEGUARDING PERSONAL DATA

Of equal importance is the security of the personal data we handle. Our robust Information Security Framework applies strict security processes, standards and tools globally, and defines minimum requirements, based on the ISO 27001 standard for information security management. It includes requirements 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. In 2016, we established a global cross-functional project to address upcoming changes in the E.U. General Data Protection Regulation (GDPR) to be implemented in May 2018 across Allianz Group companies.

### EMPLOYEE ENGAGEMENT

We have strengthened employee engagement and understanding of privacy requirements. Rolled out in 2016, our new Digital Privacy Guidelines provide guidance on 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).

2016 also saw 100+ legal, compliance, privacy and information security professionals come together for Allianz's inaugural Privacy Summit. Over three days, the community exchanged knowledge and best practice to achieve a sustainable level of data privacy and protection across all Allianz Group companies.

### LOOKING AHEAD

We have launched a new global cross-functional project to assess the impact of the upcoming E.U. General Data Protection Regulation (GDPR).

## OUR ROLE AS A TRUSTED COMPANY: INTEGRITY

+2,200  
trained Leaders in 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 what is good for business.

### 2016 HIGHLIGHTS

+2,200 trained Leaders in Integrity.

Integrity Campaign to promote values-based compliance.

Increased training in anti-corruption, anti-trust and compliance.

Income taxes published per region (see page 75).

### ETHICAL STANDARDS

Based on 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, in addition, our Code of Ethics focuses on the ethical responsibilities of the Board, in particular in relation 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. More than 2,200 senior executives globally – including the Group CEO – have been trained to be Leaders in Integrity.

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 Allianz's rules and procedures.

### 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, including the 4th E.U. Anti-Money Laundering Directive, the Foreign Account Tax Compliance Act and the Market Abuse Regulation.

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. All operating entities are required to perform an annual anti-corruption and anti-fraud risk assessment, which is monitored by a global tracking tool. Further assessments, on-site reviews and follow-ups are conducted as necessary.

Anti-corruption training is compulsory for all employees with online and in-class trainings delivered in more than 20 languages. The focus for 2016 was on leveraging the momentum generated by KPMG's certification of our compliance Management system to further strengthen our anti-corruption and anti-bribery controls. We continued providing values-based training via our Integrity Campaign.



## OUR ROLE AS A TRUSTED COMPANY: INTEGRITY



### ANTI MONEY LAUNDERING

During 2016, we also implemented a revised Anti Money Laundering Standard reflecting the 4th E.U. Anti-Money Laundering Directive. This includes customer identification, verification and monitoring, as well as suspicious activity reporting in compliance with applicable legal requirements. An online screening and monitoring system is used to manage risks resulting from money laundering and terrorism financing, as well as non-compliance with financial sanctions and embargoes. All Allianz companies are responsible for tackling money laundering and terrorism financing and maintaining their own Compliance Programs.

### RESPECTING ECONOMIC SANCTIONS AND EMBARGOES

We comply with all applicable economic sanctions within all jurisdictions that we operate in. Our global policies and procedures include the screening of counterparties against sanctions lists, as well as global approval procedures for transactions related to countries, sectors or parties subject to sanctions programs.

We provide insurance coverage to international clients that have incidental business related to sanctioned countries if this business complies with all applicable sanctions (for example, insurance for humanitarian goods). Even then, any such business is subject to enhanced due diligence and a special approval process.

### FAIR COMPETITION

We believe that fair competition and access to the marketplace drives innovation, stimulates growth and benefits the consumer. As a global business and a leader in our sector, we have a responsibility to ensure that we do not abuse our position or engage in anti-competitive practices in any form. The Allianz Anti-Trust Program lays out the Minimum Standard for Anti-Trust Compliance and the Allianz Anti-Trust Code, a set of behavioral rules that employees must observe when dealing with competitors, customers, business partners or attending trade association events. We provide biannual training to employees via an anti-trust e-learning tool to refresh and develop their understanding.



## OUR ROLE AS A TRUSTED COMPANY: LEADERSHIP AND COMPLIANCE

It has never been more important to demonstrate robust, credible and transparent governance. Our two-tier Board system, Code of Conduct and internal controls assure our stakeholders that we are running our business to high standards of integrity.

### 2016 HIGHLIGHTS

Strengthening of local programs, including voluntary compliance spot checks.



### 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 responsible corporate governance.

Allianz has 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.

The Chairman of the Supervisory Board of Allianz SE is Dr. Helmut Perlet, 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.

 For more information see our [website](#) and [Annual Report](#).

### MANAGING COMPLIANCE

Our Risk Management Framework includes a Compliance Management System, which helps us ensure compliance with internationally recognized laws, rules and regulations. We conduct additional risk identification exercises to continually improve our approach. 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 monitored and reported within the Group. Our Compliance Quality Assurance Program comprises self-assessments, on-site reviews and local spot checks. An intranet-based Compliance Case Reporting Tool provides Group-wide oversight by passing information to the Audit and Integrity Committees.

In 2016, we focused on preparing our control functions for a deeper integration and alignment of their activities with the company's integrated Risk and Control System. This will include adjusting the compliance risk assessment, introducing of a compliance program maturity model, and strengthening compliance control testing. Preparatory pilots were conducted in 2016 and the first phase of the global roll-out of the new approach is planned in 2017. We have already initiated implementation of IT solutions to optimize and harmonize compliance risk management, quality assurance and reporting activities across the Group.

### 'SPEAKUP'

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

All employees have access to local or Group-wide whistleblowing channels through which they can raise concerns anonymously (unless local legal restrictions apply). A Whistleblowing Guideline provides technical guidance to ensure incoming reports are treated appropriately. We also promote whistleblowing as part of our annual 'SpeakUp' campaign, International Fraud Awareness Week and International Anti-Corruption Day.

### LOOKING AHEAD

In 2017, we will roll out an enhanced assurance approach, comprising of a more detailed risk scoping, a maturity self assessment and further control testing.

## OUR ROLE AS A TRUSTED COMPANY: ENVIRONMENTAL IMPACT

As a business that deals with risk, managing our environmental impact is an important part of our approach. Climate change remains our number one environmental risk and opportunity across the entire value chain, including our own operations and relating to our investments and insurance products.

### 2016 HIGHLIGHTS

25.3% cut in CO<sub>2</sub> emissions per employee against our 2010 baseline.

27% reduction in energy consumption from office buildings per employee since 2010.

45.1% energy use came from renewable, low-carbon sources.

### 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. For a full picture of our Climate Change Strategy and what we are doing to help mitigate and respond to climate change, see our full-length article on page 13.

### 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. Whilst in the context of our carbon footprint these two impacts are not material (generally combined <3% of total carbon footprint), we consider these impacts important both within a global and local context and the communities in which we operate. In 2016, the scope of our EMS included 92.2% of employees (2015: 91.3%). Operational implementation is monitored by the Group Environmental Officer, and is supported by the Board of Management of Allianz SE.

# 27%


reduction in energy consumption from office buildings per employee against a 2010 baseline

# 25.3%

reduction in CO<sub>2</sub> emissions per employee against a 2010 baseline

### Cutting our emissions

The most material emissions from our own operations 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 2016, we had reduced CO<sub>2</sub> emissions by 25.3% per employee, mainly through energy efficiency measures, increasing use of renewable energy, and promoting lower-carbon travel.

 See page 74 for full details of our carbon disclosure, including by Scope 1, 2 and Scope 3 emissions.

### Reducing energy consumption

Our target is a 30% reduction in energy consumption per employee by 2020, compared with 2010. We have achieved a 27% cut so far and 45.1% of the energy we used came from renewable, low-carbon sources in 2016.

### Cutting emissions from business travel

Business travel accounts for 34.2% of our carbon footprint. We encourage employees to avoid travel for non-business-critical, non-client-related meetings of less than three hours and we invest in state-of-the-art technologies as alternatives to travel. We are also strengthening the CO<sub>2</sub> performance of our vehicle fleet, and electric cars are now in use in countries including Germany, Netherlands and Malaysia.

### Paper reduction

We are aiming for a 40% paper reduction by 2020 against a 2014 baseline. By the end of 2016, we had achieved a reduction of 10.8% per employee, mainly through our shift towards increasingly digital communication.

### Water

Minimizing water use is a principle commitment under our Group Environmental Guidelines.

### Waste

We seek to minimize the waste we generate and to re-use or recycle where possible. In 2016, efforts to avoid final disposal included the introduction of composting at our location in Minneapolis and sending food waste for biogas-production at Allianz One in Paris.

## OUR ROLE AS A TRUSTED COMPANY: ENVIRONMENTAL IMPACT

### CARBON-NEUTRAL SINCE 2012

We have been carbon-neutral since 2012. In 2016, we retired 381,631 carbon credits, each one accounting for one metric ton of carbon, by investing in low-carbon initiatives. Investments in 2016 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.

**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> will be avoided.

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

### TOP SUSTAINABILITY RATING FOR OUR MUNICH OFFICE

In 2016, Allianz Deutschland AG opened the doors to its new building in Unterföhring in Munich. The building has been awarded a DGNB Platinum rating by the German Sustainable Building Council as one of the most sustainable buildings in Germany. Housing around 1,600 employees, it is heated by geothermal energy and uses electricity from hydropower. Energy consumption is reduced through state-of-the-art architecture and technology. Sourcing of ecological materials added to the sustainability of the design and construction of the building.

### LOOKING AHEAD

In 2017, we will continue to implement measures towards achieving our 2020 targets and investigate priorities for low-carbon operations beyond 2020.



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## OUR ROLE AS A TRUSTED COMPANY: TRUST IN OUR SUPPLY CHAIN

Our risks, impacts and opportunities extend to our supply chain. To manage the potential impacts, we require all vendors above a certain spend threshold to meet environmental, social and governance standards, as 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 United Nations Global Compact.

As a financial services provider, our supply chain is primarily related to products and services that support our operations. This includes facility services and logistics, building maintenance and projects, IT systems, insurance, lease cars and business travel, marketing and communications support, and other professional services.

### 2016 HIGHLIGHTS

178 suppliers signed our Vendor Code of Conduct.

425 vendor screenings.

### ASSESSING VENDOR RISK AND SUSTAINABILITY COMPATIBILITY

To ensure compliance with the Allianz Group Standard for Procurement, we require vendors with a contract value over certain thresholds (defined locally by market) to undergo a vendor screening procedure. This is designed to ensure due diligence and mitigation against counter-party risks. Since 2010, we have conducted 2,756 vendor integrity screenings, including 425 in 2016.

In addition we encourage our vendors to sign a Vendor Code of Conduct, which stipulates what our vendors must fulfill 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. Since its introduction in 2015, 254 suppliers have signed our Vendor Code of Conduct, including 178 in 2016.

To assist our operating entities in understanding vendor risks, we maintain a global database listing all vendors that have undergone this vendor screening. The database shows vendor ratings of low, medium or high for specific risks and the corresponding measures for mitigation or other attention. The database is accessible to and shared by all operating entities.

# 425

vendor integrity screenings held in 2016

# 178

suppliers signed our Vendor Code of Conduct in 2016



### LOOKING AHEAD

We will integrate sustainability and environmental management policy questions into our standard tender process, as defined in the new Procurement system landscape due to be introduced in 2017.

# OUR ROLE AS AN ATTRACTIVE EMPLOYER

## HIGHLIGHTS

- 72% Employee Engagement Index score.
- Our highest score to date of 70% in the Inclusive Meritocracy Index (IMIX).
- 37.2% of Allianz managers are women.

## CHALLENGES

- Deliver while transforming: aligning our HR activities into One Global Allianz HR.
- Inclusive Meritocracy: building a culture where people and performance matter equally.
- Supporting the Renewal Agenda: employ data analytics and strategic workforce planning to make Allianz fit for the future.



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

“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. Our employees at Allianz dare to innovate and embrace the future every day. We are encouraging this attitude and other core behaviors with our 4x3 People Attributes. 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. We want to build a perfect home for those who dare.”

## OUR ROLE AS AN ATTRACTIVE EMPLOYER: OUR APPROACH

We depend on having the best people in place and keeping them motivated and engaged to successfully deliver our business strategy and goals. Our approach is based on managing and rewarding talent, promoting inclusivity and employee rights, and supporting wellbeing and engagement – underpinned by strategic HR frameworks, principles and tools. These include our globally consistent 4x3 People Attributes along the people value chain, from recruiting and talent management to learning and performance management. The Group Chief HR Officer is responsible for all people-related activities and reports directly to the CEO.

### DELIVER WHILE TRANSFORMING: CREATING ONE HR FOR ALLIANZ

To ensure our HR structure is fit for the future, we are unifying our activities into One Global Allianz HR. To do this, we are taking a holistic view that considers processes, technology, people and organization. This transformation supports the global business by delivering benefits such as greater operational efficiency and improved insights and analytics. Our global, diverse workforce will also benefit from the provision of outstanding HR services and solutions.



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

Our 4x3 People Attributes are at the core of all our activities: Customer and Market Excellence, Collaborative Leadership, Entrepreneurship and Trust are the principles that guide our dealings with each other and with our customers. 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 and promotion and reward.

We call the environment where both people and performance matter 'Inclusive Meritocracy'. By introducing the four globally consistent People Attributes, we provide a transparent, fair and integrated offering to attract, motivate and retain highly qualified employees. In 2016, our top priorities were the implementation of these attributes in our new standards for recruiting and onboarding, and the introduction of a new global performance management system, which includes an innovative multi-rater feedback tool.



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

### DEVELOPMENT AND LEADERSHIP

At Allianz, we want to enable our employees to develop to their full potential. This requires an environment that welcomes regular feedback and encourages lifelong learning. A core element of our commitment is the establishment of 'AllianzU' (Allianz University), our Group-wide platform for all learning activities offered to all our employees globally.

For our executives, we believe that developing strong leadership skills across all aspects of our business is essential to long-term success. Annual Career Development Conferences (CDCs) at Allianz companies and at Group level provide an opportunity for business leaders to discuss team members' performance, potential and development needs, and to identify appropriate actions for each individual. The CDCs systematically identify candidates who are able to take on roles at the next management or expert level, help to foster mobility across countries, business units and functions and systematically link it to career planning.

## OUR ROLE AS AN ATTRACTIVE EMPLOYER: OUR APPROACH

### INCLUSIVITY AND EMPLOYEE RIGHTS

A diverse workforce provides a broader range of skills and experience with which we can respond to challenges and opportunities. Our efforts to create an inclusive workforce include ensuring women are better represented at management level. 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 establish a European SE Works Council under the legislation for Societas Europaea companies.

### WELLBEING AND EMPLOYEE ENGAGEMENT

The health, safety and wellbeing of our employees is a top priority and we actively promote their physical and mental health. Our Work Well program defines 10 minimum actions for implementation across Allianz's 50 largest companies. Many of our entities have also established their own ambitious measures to counter work-related stress.

We seek employee feedback and respond to their ideas and concerns to keep our people committed and engaged in the organization. The Group-wide Allianz Engagement Survey is one of our key tools for gathering employee feedback.

### FAIR AND TRANSPARENT REWARD

We believe both people and performance matter and this is central to our philosophy of Inclusive Meritocracy. 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 and avoid inappropriate risk taking.



## OUR ROLE AS AN ATTRACTIVE EMPLOYER: LEARNING AND DEVELOPMENT

# 70%

score achieved in Inclusive Meritocracy Index (IMIX) – our highest score to date

# 2.9

average days of training per employee (total salaried workforce)

In the face of a rapidly changing context, ensuring that all 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.

### TRAINING

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. Over half of 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 competency, skills, experience, performance and potential.

The percentage of employees undergoing at least one targeted training session in 2016 was 70.7%, with an average of 2.9 days of training per employee (total salaried workforce).

### 2016 HIGHLIGHTS

70.7% employees took at least one targeted training session.

2.9 days of training per employee.

### LIFELONG LEARNING

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 future' – for example by increasing cross-functional capabilities to improve efficiency and innovation.

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

### A CULTURE OF LEADERSHIP

In 2016, we achieved our highest score to date of 70% in the Inclusive Meritocracy Index (IMIX) which measures progress towards a culture where both people and performance matter.

Our activities in 2016 included:

- Focusing on collaborative leadership, excellence with customers and markets, entrepreneurship, and building trust;
- Addressing target behaviors and integrating them into performance management as well as other HR processes such recruiting and talent management;
- Linking rewards to performance and accountability to authority on all levels; and
- Scaling up skill and capability development along the entire value chain – eliminating silo-thinking and reflecting customer centricity and entrepreneurship throughout the organization.





## OUR ROLE AS AN ATTRACTIVE EMPLOYER: DIVERSITY

# 37.2%

of Allianz managers were women in 2016

Allianz is proud of its diverse workforce. We believe in the positive effect of having people from different backgrounds working together to keep our company strong and innovative.

### 2016 HIGHLIGHTS

63 nationalities represented at executive levels across the Group.

37.2% of Allianz managers were women in our core business.

In total 4,500 employees received unconscious bias training in 2015 and 2016.

40% target for women in talent pools, up from previous 30% target.

17th on the Thomson Reuters Diversity & Inclusion Index.

Listed in the Bloomberg Gender Equality Index.

### PROMOTING DIVERSITY IN OUR WORKFORCE WOMEN IN MANAGEMENT

Our Board of Management is committed to diversity. The Global Inclusion Council is responsible for driving the success of our diversity strategy. It was founded in 2007 and is chaired by Jacqueline Hunt, member of the Board of Management of Allianz SE.

Consistent with our Code of Conduct, we have a zero-tolerance policy for discrimination and harassment in the workplace. We support employee initiatives focusing on gender, ethnicity, age, religion, sexual orientation, disability, education and nationality. Allianz is proud to have LGBT (lesbian, gay, bisexual and transgender) networks in several Allianz companies. For people with disabilities, our employees founded AllAbility to create awareness, promote openness and foster a trusting environment. Another good example is Talking Hands, a sign language video dictionary which is now being used by AMOS India. In 2016, we also launched a Millennial advisory group to represent the interests of our younger employees.

As a result of our commitment for inclusion, we are currently positioned 17th on the Thomson Reuters Diversity & Inclusion Index which ranks over 4,000 companies worldwide. Furthermore, Allianz is listed in the inaugural 2016 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.

We aim to increase the number of women in management positions and take appropriate steps to support future female leaders. In 2016, 37.2% of managers in our core business were female. Women represented 52.4% of our total workforce in our core business. Our target for women in top management positions in our German companies (subject to co-determination) is at least 20% women at the first and second levels below the Board by June 2017. Globally, we set our target for women in talent pools at 40%.

We have driven change through a range of global, regional and local initiatives. For example, the JET-program is our new initiative to support non-executive women in driving their career development. Our global talent management initiative features sponsorship and mentoring programs for women. We have also expanded flexible work-life programs such as part-time employment or job sharing, providing greater opportunities to manage a career alongside family commitments. We now have eight women's networks around the world and programs like Allianz Germany's 'Eltern in Führung' that supports the return of mothers and fathers to their former leadership roles following childbirth. Allianz Life conducted a 'Woman in Leadership' deep dive analysis in the U.S. to understand what they could do to increase women in Director-level and above roles – increasing their percentage to 37%, up two points from 2015.

We have also introduced training programs to address 'unconscious bias' that may arise in situations such as job interviews and employee appraisals. To date, 14 Allianz companies have introduced unconscious bias training programs and trained over 4,500 employees.

### Supporting people with disabilities

Inclusion of employees with disabilities continues to grow. Allianz in Brazil, Colombia, Spain, Germany and France have programs specifically designed for hiring and including people with disabilities, from general awareness training to employing people with visual impairments in call centers. Group-wide guidelines ensure that buildings, workstations and websites are accessible to wheelchair users, the blind and visually-impaired. A number of our subsidiaries actively recruit graduates with disabilities for underwriter positions, for example.

## OUR ROLE AS AN ATTRACTIVE EMPLOYER: EMPLOYEE ENGAGEMENT

# 124,027

employees invited to participate  
in the Allianz Engagement Survey  
in 2016

# 85%

global response rate to participate  
in the survey

We make employee engagement a high priority as we work to build a committed workforce that performs with integrity and delivers a strong customer focus. Over the past six years, the Allianz Engagement Survey (AES) has established itself as a valuable employee feedback platform for gathering feedback on a range of topics, including those that promote a high-performance culture.

### 2016 HIGHLIGHTS

85% Highest participation rate to date in our Employee Engagement Survey.

72% Employee Engagement Index score, a slight decrease from 75% in 2015 but still a good achievement.

70% Inclusive Meritocracy Index score, an increase of 2% since last year.

### EMPLOYEE ENGAGEMENT INDEX SCORES

	2016	2015	2014
Employee Engagement Index	72%	75%	72%

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 2016, 124,027 employees from over 60 Allianz companies were invited to participate in the survey. The global response rate increased by 1% to 85%. Our Employee Engagement Index score was 72%, a slight decrease from 75% in 2015 but still a good achievement considering the change Allianz is undergoing.

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.

### Inclusive Meritocracy

As Allianz is on a journey of building a culture of Inclusive Meritocracy, where open and honest feedback and communication is the norm, Allianz SE published the 2016 AES results for all Allianz SE Group Center divisions on our intranet on the same day managers received their results. 2016 marks the start of a new three year survey cycle, with an improved questionnaire to better reflect our culture of Inclusive Meritocracy. We introduced the Inclusive Meritocracy Index (IMIX) in 2015 and achieved a score of 70% this year, an increase of 2%.

### Acting on feedback

To help connect specific AES feedback with improvement actions, and to reinforce managers' commitment to these actions, Allianz Managed Operations and Services (AMOS SE) developed an action planning strategy in 2016. This included 'peer to peer' initiatives with appointed AES champions and AES roadshows. Employee engagement was closely monitored via a mid-year review mood check, involvement of a change agent network and a dedicated six weekly discussion at Board meetings. This has ensured transparent communication of results and prioritization of focus areas. A summary guidance booklet of engagement activities worldwide has also been developed, which is used by AES co-ordinators to share ideas and best practices globally.

Many engagement activities have been introduced around our global businesses in response to AES results. These include cycling around Taiwan, the Allianz Caring Day in Benelux, getting employees involved in AES Action Plans in Spain, and the AGA Challenge Cup in Australia, which aims to build collaborative relationships and expand knowledge. Allianz Life established an Employee Recognition Committee (ERC) that helps manage existing programs to support a high-performance culture and drive employee engagement. An online recognition intranet platform, appropriately named 'Recognition Central', provides visibility and daily evidence of the impact and appreciation of employees' efforts and has social capabilities such as 'liking' and commenting on recognition posts. This serves as an incentive to rise to higher levels of performance.



## OUR ROLE AS AN ATTRACTIVE EMPLOYER: HEALTH AND WELLBEING

We depend on a healthy workforce, and we support our employees through a range of initiatives that create a productive and health-promoting workplace. Throughout the Group, we offer a variety of activities, tools and materials that support 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.

### 2016 HIGHLIGHTS

33 of our biggest entities started to implement the 10 minimum actions.

All entities are using the Work Well index as a success indicator.

64% score in the Work Well index (WWi®).

### 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.

### 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. To track the program's impact, we have developed the Work Well index, a scientifically validated tool to measure work-related psychosocial stress. As part of the program, the Allianz Board of Management approved 10 minimum actions which are to be implemented during the next few years in the largest 50 companies. These actions will 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, consisting of colleagues from HR and senior business executives, across respective entities.

Allianz Portugal, U.K. and two of our global lines Allianz GI and AMOS SE have particularly focused on top-down communication and using the e-learning solution in 2016, to set the foundations for future action. Other global lines such as Allianz SE, Allianz Investment Management and Allianz Re, as well as Allianz Germany, additionally implemented the classroom seminar to train their managers on health-promoting leadership behavior. Allianz France, Italy, Spain and the two global lines Euler Hermes and Allianz RE increased their offer of flexible working solutions with partially significant success as some strongly increased the usage among their employees. Some of our entities have also set up services to offer financial benefits for employees day-to-day lives – for example Allianz Spain's 'Time Bank' now offers 700 services at a reduced cost to employees, from laundering to shoe repair.

⊕ For more information on key Human Resources facts and figures, achievements 2016 and an outlook for 2017, see the [HR Factbook](#).

### WORK WELL INDEX (WWi®)

The WWi® 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.



## OUR ROLE AS AN ATTRACTIVE EMPLOYER: LOOKING AHEAD



### LOOKING AHEAD

- The transformation of HR at Allianz to create a unified and aligned global function providing an outstanding HR experience to our global workforce.
- We will increase our people analytics and planning activities by fostering e.g. strategic workforce planning.
- Continue to drive efforts to implement the 10 minimum actions within the Work Well program, with a focus on quality using a systematic impact-driven approach. In 2017, we will use the first results of the Work Well index to shape our solutions.
- We will pilot further HR Digital solutions to offer the best employee experience to all our colleagues globally.
- Launch a Leadership Academy as part of 'AllianzU' to foster further development of Leadership skills across our organization.
- Continue to listen to and engage with employees through diverse platforms (annual employee survey, pulse surveys, skip levels) to better understand what matters to them.



# OUR ROLE AS A A COMMITTED CORPORATE CITIZEN

## HIGHLIGHTS

- 19.4 million Euro corporate giving (2015: 22.6 million Euro).
- Launched the Group-wide social program, Encouraging Future Generations.
- New three-year global partnership with SOS Children's Villages.
- Fifth Annual Berlin Demography Forum (BDF).

## CHALLENGES

- Continue to roll out Encouraging Future Generations across the Group.
- Further increase transparency of community engagement activities.
- Establish single over-arching Group strategy on all citizenship activities.

“With our Encouraging Future Generations social program, which has now entered into its first global partnership with SOS Children's Villages, we are seeking solutions for challenges relating to social inclusion. Together with the SOS Children's Villages, we are encouraging young people worldwide to shape the future in a sustainable manner.”

### Oliver Bäte

Chairman of the Board of Management, Allianz SE

# OUR ROLE AS A COMMITTED CORPORATE CITIZEN: OUR APPROACH



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



In 2016, we reshaped our corporate responsibility approach to scale up our contribution towards developing stronger, more inclusive communities. Social inclusion is one of our global challenges (see page 17). We launched Encouraging Future Generations, our new program that is the cornerstone of our social inclusion approach. It provides a global framework and focus to scale up Allianz's social contribution and builds on the success of projects carried out by our operating entities.

### Social contributions and corporate giving

Our social contributions consist of time, skills and money. As a business, we make financial donations to good causes through corporate giving and our global network of foundations. We ensure corporate giving is transparent and based on clearly agreed principles – namely the Allianz Group Guidance for Donations and Charitable Memberships (Corporate Giving), which stipulates that corporate giving can only be made to organizations that meet the principles set out in the Allianz Code of Conduct for Business Ethics and Compliance.

As a global company, we believe acting as a responsible corporate citizen is good for society and good for business. Stronger communities support a more stable economy and create resilient markets for our products and services.



### Extending our reach

Given the pace and scale of global change, we believe it is vital to work together – as partners, governments and institutions – to identify sustainable solutions. Political lobbying is an important part of the democratic process, enabling us to share our expertise and knowledge to support public policy development. Our activities include sharing insights into regulatory and macroeconomic challenges and we organize events focused on key issues such as financial stability, demographic trends, climate change and digitalization - inviting representatives from government and across the industry to attend.

We conduct all lobbying and political networking engagements in line with the Allianz Lobbying Code of Conduct, which mandates minimum standards for contacts with representatives of politics, private sector and society. We have also signed the European Union Transparency Register Code of Conduct. Our main gateway to political institutions is through our Group Public Policy department, which monitors regulatory and legislative developments and channels appropriate responses (see page 66).

# OUR ROLE AS A COMMITTED CORPORATE CITIZEN: COMMUNITY ENGAGEMENT

We support communities with financial contributions and by our employees volunteering their time. By giving in this way, our employees have the opportunity to develop their skills while supporting their local neighborhood and the causes they identify with. We help to promote community cohesion and build trust with our stakeholders along the way.

## 2016 HIGHLIGHTS

Launched Encouraging Future Generations, the new Group-wide social inclusion program.

The first ever Allianz World Run set two world records and raised 600,000 Euro for SOS Children's Villages.

Hosted the Vision Summit on Social Inclusion at the Allianz Berlin Forum.



## ENCOURAGING FUTURE GENERATIONS

Launched in 2016, our social inclusion program, Encouraging Future Generations, is the new cornerstone of all our corporate citizenship activities worldwide. It focuses on empowering young people to grow with confidence and shape resilient, more inclusive societies. The program supports the UN Sustainable Development Goals, especially quality education, social inequality, decent work and economic growth.

We are developing a wide range of initiatives to deliver the program objectives, including awareness campaigns, dialogue events, training and award initiatives, funding and sponsorship, employee volunteering and social partnerships.

We strongly cooperate across the globe and with our operating entities and have established an advisory group to support best practice exchange, program steering and further development of initiatives. The group consists of Allianz managers from Germany, Spain, Turkey, Malaysia, Indonesia and the United States.

After a successful pilot year and led by Encouraging Future Generations' focus on supporting young people, we renewed our partnership with SOS Children's Villages for the next three years. As part of the partnership, we organized the biggest employee volunteering and fundraising event in corporate history: the Allianz World Run. 12,360 employees and agents took part and raised 600,000 Euro for SOS Children's Villages.

In November 2016, Allianz hosted the first Vision Summit on Social Inclusion at the Allianz Forum in Berlin. 500 stakeholders from business, academia and civil society met with young people to discuss how societal participation of different groups can be improved. Among the distinguished speakers was Muhammad Yunus, Nobel Peace Prize winner for peace.

Looking ahead, our key activities for 2017 will include:

- Roll out to Allianz countries, supported by exchange of best practice around social projects between countries.
- Support of employee engagement to increase involvement and volunteering.
- Dialogue and events to engage young people in discussing their needs and aspirations, in the context of social inclusion.
- Launch of a new 'Social Innovation Fund' to incentivize projects across our operating entities.
- Development of a 'Social-Tech Seed-Fund' to support new digital ventures that solve societal challenges (launch planned in 2018).
- Leveraging our global partnership with SOS Children's Villages to increase our global impact.

## Our Encouraging Future Generations strategic objectives:

- Use our expertise to contribute positively to social inclusion in humanitarian, inter-cultural and economic areas.
- Prove Allianz as a trustworthy company, create visibility for our projects and promote our social responsibility.
- Care about one of the most vulnerable groups, our young people, so that they can grow with confidence.
- Reason about the social needs of future generations in an open dialogue and create innovative solutions.
- Foster strategic partnerships and internal as well as external engagement focusing on innovative formats.
- Measure our impact on business and society.

## OUR ROLE AS A COMMITTED CORPORATE CITIZEN: COMMUNITY ENGAGEMENT

# 600,000

Euro raised to finance SOS Children's Villages projects in twelve countries



### CASE STUDY

#### OUR GLOBAL PARTNERSHIP WITH SOS CHILDREN'S VILLAGES

In August 2016, Allianz and SOS Children's Villages – the largest non-governmental organization focusing on supporting children without parental care and families at risk – announced a new global three-year partnership. It will see Allianz companies and employees support SOS Children's Villages across the globe.

We will work together to tackle three key focus areas where our shared skills can achieve the most impact:

**Youth participation:** engaging young people in activities to tackle social inclusion by giving them a voice on internal and external platforms.

**Youth development:** initiatives and training to support young people in developing the skills and experience they need, as well as contributing to economic development.

**Emergency preparedness and safety:** sharing risk management expertise, for example by helping to turn SOS Children's Villages facilities into safe ports of call for local communities in the event of a catastrophe.

The partnership was launched in the summer of 2016 with the first Allianz World Run. 52 Allianz teams from over 50 countries and many more employees ran the equivalent of 34 times around the world. We set a new world record for the 'longest distance runs by one team in 90 days' and broke the existing Guinness World Record™ achievement for the 'longest line of photographs' with 8,470 pictures spanning 1,250 meters. More importantly, we raised 600,000 Euro to finance SOS Children's Villages projects in twelve countries (Argentina, Austria, China, Colombia, Croatia, Germany, Indonesia, Ivory Coast, Luxembourg, Mexico, Syria, Thailand).

Main targets of our SOS Children's Villages partnership in 2017 and 2018 include:

- Roll out active local partnerships by 25% each year.
- Promote employee engagement in the 2017 Allianz World Run and to increase the number of participants to more than 15,000, hoping to break our own 2016 running world record.
- Launch the Resilience 360° platform within SOS Children's Villages in 2017, an early warning and emergency management tool for natural and man-made catastrophes.
- Launch Allianz participation in YouthCan! in 2017, a global program led by SOS Children's Villages to foster youth development.

“Supporting a pioneering project, which provides rapid access to up-to-date and precise information on a range of emergency scenarios and situations, Allianz is significantly contributing to improving the safety and resilience of SOS Children's Villages beneficiaries, co-workers and surrounding communities across the world.”



**Andreas Papp**  
International Director  
Emergency Response,  
SOS Children's Villages  
International



## OUR ROLE AS A COMMITTED CORPORATE CITIZEN: CORPORATE VOLUNTEERING

We share our collective financial and business skills to assist charitable organizations. For employees, volunteering helps to build skills and motivation that can be brought back into the workplace. Launched in 2015 in Germany, ACT! is our online marketplace for employees to get involved in community engagement. The marketplace features Allianz projects and enables employees to promote their volunteering activities.

In 2016, our employees completed a total of more than 93,000 hours of corporate volunteering around the world.

### 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 started in 2010, MFC has reached over 1,100,000 pupils in over 2,800 schools all over Germany and it is now active in 18 countries. In 2016, Allianz contributed financial support, office facilities and was a member of the advisory council. 700 Allianz employees volunteered their time to support the program.

### Social Excellence

Social Excellence, formerly known as Social OPEX, is a strategic leadership and social impact program which enables employees to share their business acumen with socially committed organizations. The project has seen over 300 participants support more than 120 projects since 2009. In 2016, we handed over management of the program to our social partner Proboneo gGmbH. It is now accessible to employees of other companies in Europe and Allianz continue to provide leadership support as an advisory council member.

### AMOS ACT NOW Day

In 2016, Allianz Managed Operations & Services (AMOS), the internal shared services provider for Allianz Group, set up a pilot project to bring representatives of non-profit organizations in Germany together with AMOS employees to develop practical solutions to the digital challenges facing the voluntary sector.

In its first year, 35 AMOS colleagues worked with non-profit organizations to tackle seven digital challenges. Outcomes included the structure for a new WordPress website, project plans and a roadmap to enable non-profit organizations to successfully meet their digital challenges. Plans for 2017 will see the program extend into other AMOS branches.

“Due to the support of the AMOS employees, we could increase the usability of our website and can now more easily reach out to our target groups in order to offer them new opportunities!”



**Franz Liebel**

Hummelbike founder and CEO



Hummelbike is a social organization dedicated to the social mobility of children and teenagers. During the ACT NOW DAY 2016, AMOS volunteers helped to improve the website of the organization, concentrating on usability and communication with the target group.

## OUR ROLE AS A COMMITTED CORPORATE CITIZEN: CORPORATE GIVING

Allianz's corporate giving is made up of financial donations and charitable memberships from our entities worldwide, as well as through our 14 foundations. Our Guidance on Donations and Charitable Memberships stipulates that corporate giving can only be made to organizations that meet the principles set out in the Allianz Code of Conduct for Business Ethics and Compliance.

**Corporate Giving:** In 2016, corporate giving totaled 19.4 million Euro (2015: 22.6 million Euro). Given the nature of our business, this included support for disaster management.

**Foundations:** 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.

"I thank my friends of Fondazione Allianz UMANA MENTE and San Felice that made it possible for me to work in the vegetable garden. I like sowing carrot seeds, cauliflowers, beetroots, water melons and tomatoes. I like going to the vegetable garden and have fun there because it is really nice!!"



**Beneficiary: Simone**  
Beneficiary of Project: L'orto e l'aia nel Borgo

### LOOKING AHEAD

Our focus for 2017 will remain on the global rollout of the Encouraging Future Generations Program – including launching a Social Innovation Fund and our Future Dialogues. In addition, we will formulate and establish a single overarching Group strategy on all citizenship activities and enhance our Corporate Citizenship related governance to comply with latest best practice standards.



## OUR ROLE AS A COMMITTED CORPORATE CITIZEN: POLITICAL ENGAGEMENT

We believe it is our responsibility to help fostering a rule and value-based political and economic system that will benefit our customers, other stakeholders and our own business in the long term. To this end, we hold ongoing dialogues with governments and financial institutions.

Activities include reviewing, maintaining and creating policy positions to support public policy development and holding conferences and events that explore global issues.

### 2016 HIGHLIGHTS

Group Regulatory Affairs and Public Policy (GRAPP) is now our fully-functional global center of competence for regulatory and political activities.



In February 2016, the 5th 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. Specific topics included:

Labor – with the focus on the impacts of automation and new ways of organizing social security to meet the future needs of society.

Perspectives – exploring the links between work and social responsibility, with special attention on the life-long learning process that is a direct consequence of the change in the working environment.

Prosperity – exploring and analyzing long-term economic growth to provide security and wealth in old age for future generations.

The event also included an award ceremony for young demographers involved in promoting political and ethical views.

### LOBBYING AND POLITICAL NETWORKING

Established in 2015, Group Regulatory Affairs and Public Policy (GRAPP) acts as a global center of competence and central coordinator for all regulatory and political management activities in the Allianz Group. It provides support to local Allianz companies with regard to regulatory and political strategy, oversees and coordinates regulatory and political topics within the Group, and holds responsibility for global and European regulatory topics.

We are committed to Germany's democracy and have made financial contributions for many years to political parties that support the social market economy. In 2016, Allianz Germany contributed 20,000 Euro each to CDU, CSU, SPD, Greens and FDP. Their youth organizations Junge Union Deutschlands, Junge Union Bayern, Jusos, Young Greens and Young Liberals – which are focused on social issues of our future - received a grant of 10,000 Euro each. 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 comply with respective national legislation and conventions.

### OUR POSITIONS

One role of GRAPP is to develop and uphold Allianz's position on a range of issues. In 2016, these included:

**Digitalization and data security:** we support the European Commission's Digital Agenda and are actively contributing to public discussions, with a special focus on practicability of regulation for the Allianz Group (see page 43).

**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 E.U. Green Paper on Retail Financial Services and Insurance.

**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.

**Global insurance capital standards (ICS):** we support the development of global comparable capital standards but 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.



# ABOUT THE REPORT

## IN THIS SECTION

- Overview of Targets and Achievements 68
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PwC performed a limited assurance on our sustainability information, the report is available online [here](#)

# OVERVIEW OF OUR MAIN TARGETS AND ACHIEVEMENTS PER STRATEGIC PILLAR

## LOW-CARBON ECONOMY

### Targets

- Double equity investment in renewable energy projects in the mid-term.
- 30% reduction of CO<sub>2</sub> emissions per employee by 2020 (2010 baseline).
- 30% reduction in energy consumption per employee by 2020 (2010 baseline).
- 40% paper reduction by 2020 (2014 baseline).

### Target – SDG link

7.1, 7.2  
13.2  
13.2, 12.2  
13.2, 12.2

### Achievements in 2016

- 1.9 billion Euro new debt and equity investments in renewable energy in 2016, with a total of over 4.6 billion Euro.
- Divestment of 225 million Euro in equity from coal-based business models; run-off of 3.9 billion Euro in fixed income investments.
- We retired 381,631 carbon credits.
- AllianzGI launched the Allianz Renewable Energy Fund 2.
- 156 Sustainable Solutions generated 1.1 billion Euro in revenue.
- Reduced CO<sub>2</sub> emissions by 25.3% per employee against our 2010 baseline.
- 27% cut in energy consumption from office buildings per employee against our 2010 baseline.
- 45.1% of the energy we used came from renewable, low-carbon sources.
- Achieved a 10.8% paper reduction per employee against our 2014 baseline.
- The scope of our EMS included 92.2% of employees.

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

# OVERVIEW OF OUR MAIN TARGETS AND ACHIEVEMENTS PER STRATEGIC PILLAR

## SOCIAL INCLUSION

### Targets

- Roll out active local SOS Children's Villages partnerships in at least 25% of countries covered by our joint footprint in 2017 and aim to double this in 2018.
- Increase the number of participants in the 2017 Allianz World Run to more than 15,000.
- Launch the Resilience 360° platform within SOS Children's Villages in 2017, an early warning and emergency management tool for natural and man-made catastrophes.
- Launch Allianz participation in YouthCan! in 2017, a global program led by SOS Children's Villages to foster youth development.

### Encouraging Future Generations Group-wide projects:

- Social Innovation Fund to incentivize projects in local Allianz entities (planned for 2017).
- Future Dialogues to engage youth on social development (planned for 2017).
- Social-Tech Seed-Fund to support young entrepreneurs develop digital solutions that solve societal challenges (planned for 2018).
- 40% target for women in talent pools, up from previous 30% target.
- Achieve at least 20% women in top management positions (women at the first and second levels below the Board) in our German companies (subject to co-determination) by June 2017.
- Continue to implement the 10 minimum actions within the Work Well program.

### Target – SDG link

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

–

### Achievements in 2016

- Launched Encouraging Future Generations Program.
- New three-year global partnership with SOS Children's Villages.
- 12,360 employees and agents took part in the Allianz World Run, setting two world records and raising 600,000 Euro for SOS Children's Villages.
- Hosted the Vision Summit on Social Inclusion at the Allianz Berlin Forum.
- My Finance Coach reached so far over 1,100,000 pupils in over 2,800 schools in Germany. In 2016, 700 Allianz employees volunteered.
- More than 93,000 hours of corporate volunteering.
- Corporate giving totaled to 19.4 million Euro.
- 55 million customers in the emerging consumers market, with 302.5 million Euro revenues.
- 72% Employee Engagement Index score (EEI).
- 70% score in the Inclusive Meritocracy Index (IMIX).
- 85% Global response rate to participate in the Employee Engagement survey.
- 64% score in the Work Well index (WWi®) in 2016.
- 93 million Euro invested in employee training.
- 63 nationalities represented at executive levels across the Group.
- 37.2% of managers in our core business were female.
- Women represented 52.4% of our total workforce in our core business.
- 4,500 employees received unconscious bias training in 2015 and 2016.
- Joined the The B Team 100% Human at Work initiative.



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

- Roll-out the ESG Scoring approach to our complete portfolio for our proprietary investments until the end of 2017.
- Allianz Real Estate to develop a new ESG framework in 2017.
- Support UNEP-FI Principles for Sustainable Insurance (PSI) in 2017 to develop an industry-wide ESG standard.
- Develop a more systematic approach to ESG engagement as asset owner in 2017.
- Integrate sustainability and environmental management policy questions into our standard tender process in 2017.
- By 2018 Allianz Group aims to achieve a step-change global Net Promoter Score (NPS) performance, with 75% of our businesses above market or in a loyalty leader position.
- Allianz Group aims to achieve 70% share of digital outbound communication by 2018.
- Global crossfunctional project to address upcoming changes in the E.U. General Data Protection Regulation (GDPR) across Allianz Group companies by May 2018.

### Target – SDG link

17.14  
17.14  
10.4, 10.5, 12.6  
12.6, 17.14  
17.14  
–  
–  
–

### Achievements in 2016

- Gold Class Sustainability Award by RobecoSAM (DJSI) and highest placed primary insurer.
- 100% score for ESG in insurance integration by DJSI.
- Launched new ESG Scoring approach.
- ESG functions conducted 508 ESG assessments based on the guidelines.
- 128.2 billion Euro SRI investments across both AllianzGI and PIMCO.
- PIMCO developed a dedicated ESG investment platform.
- 95% of our assets under management were managed by asset managers who are either PRI signatories or who have an ESG policy in place.
- 178 suppliers have signed our Vendor Code of Conduct; 425 Vendors integrity screenings conducted.
- 55% of the business segments measuring NPS\*, significantly performed above the market average.
- Fully-automated Privacy Impact Assessments for high-risk processes that use personal data.
- Developed and deployed Allianz's Digital Privacy Guidelines.
- +2,200 trained Leaders in Integrity.

\* Focus on retail business.



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

# RATINGS, RECOGNITION AND MEMBERSHIPS

## SUSTAINABILITY RATING ACHIEVEMENTS

Our sustainability performance is regularly assessed by external stakeholders such as rating agencies. See our highlights below.

### 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 2016 we achieved a B rating.

### Dow Jones Sustainability Index (DJSI)

Allianz has been included in the Dow Jones Sustainability Index since 2000. We are the highest ranked primary insurer achieving a Gold rating. We have been recognized particularly for being one of the industry leaders in the areas of: Risk Detection, Financial Inclusion, Environmental Reporting and ESG Insurance Integration.

### FTSE4Good Index

Included since 2001, Allianz is one of the longstanding members of the FTSE4Good Index series. In the 2016 assessment, we were ranked in the top 3% of our sector.

### MSCI Rating

In 2016 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, which ranks us among the world's best companies in our industry.

### Sustainability awards

In addition to achieving top positions in sustainability ratings and sustainability indices, Allianz received the RI Magazine Runner Up Prize 2016 for Best RI Report 2014 and the Gold Class Sustainability Award by RobecoSAM (DJSI).

## GROUP-WIDE COMMITMENTS AND MEMBERSHIPS

- 2° Investing Initiative.
- Carbon Disclosure Project (CDP).
- CEO Climate Leaders.
- Climate Bonds Initiative (AGI).
- ClimateWise.
- CRO (Chief Risk Officer) Forum.
- Deutscher Nachhaltigkeitskodex (German Sustainability Code).
- Extractive Industries Transparency Initiative (AGI).
- Geneva Association.
- Global Innovation Lab for Climate Finance.
- Global Investor Statement on Climate Change (AGI, Allianz Group).
- Microinsurance Network.
- Munich Climate Insurance Initiative (MCII).
- Paris Pledge for Action (Allianz Group).
- Portfolio Decarbonization Coalition.
- Statement of Investor Expectations for the green bond market.
- Sustainable Stock Exchange Initiative.
- Transparency International.
- UNEP FI Principles for Sustainable Insurance (PSI).
- United Nations Environment Programme Finance Initiative (UNEP FI).
- United Nations Global Compact.
- UN-supported Principles for Responsible Investment (PRI).
- World Economic Forum.



# 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 2015 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 standard and have had parts of 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 2016 Sustainability Report relates to the entire Allianz Group. All measures, activities and key figures refer to the 2016 financial year (1 January 2016 to 31 December 2016), unless otherwise stated. This is our 16th 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>1</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>1</sup> SI – Social Inclusion, BI – Business Integration, LC – Low-Carbon Economy

# KEY SUSTAINABILITY DATA

## SUSTAINABLE SOLUTIONS

	Number of Sustainable Solutions			Revenues in € mn <sup>2</sup>		
	2016	2015 <sup>1</sup>	2014 <sup>1</sup>	2016	2015 <sup>1</sup>	2014 <sup>1</sup>
Sustainable Solutions	<b>156</b>	156	150	<b>1,088.2</b>	664.5	624.0
– Sustainable Insurance Solutions	<b>111</b>	113	111	<b>785.7</b>	509.7	491.8
thereof – Emerging Consumer Solutions	<b>24</b>	21	17	<b>302.5</b>	154.8	132.2
– Sustainable Asset Management Solutions	<b>21</b>	22	22		out-of-scope	

<sup>1</sup> Data from 2014 and 2015 has been restated as a result of the redefinition of the Sustainable Solutions program from the former Green Solutions program.

<sup>2</sup> Our current data collection process does not allow for a complete tracking of revenue data. Revenues are included subject to data availability.

## EMERGING CONSUMERS

As of 31 December 2016	2016	2015 <sup>1</sup>	2014 <sup>1</sup>
Gross Written Premiums (€ m)	<b>302.5</b>	154.8	132.2
Thereof from non-consolidated entities (i.e. India)	<b>278.4</b>	126.9	107.6
No. of in-force insured people (m)	<b>55.3</b>	61.2	40.6
Thereof from non-consolidated entities (i.e. India)	<b>49.0</b>	55.6	35.6

<sup>1</sup> Data from 2014 and 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.

	2016	2015	2014
Third Party Assets under Management managed using SRI/ESG approaches (as of 31 December 2016)			
Total Third-party Assets under Management (€ bn)	<b>128.2</b>		
PIMCO (third-party assets only) (€ bn)	<b>115.6</b>	82.1	95.4
AllianzGI (third-party assets only) (€ bn)	<b>12.6</b>		
– AllianzGI (proprietary and third-party assets) (€ bn)	<b>24.6</b>	20.9	22.0

## RENEWABLE ENERGY INVESTMENTS

	2016	2015	2014
Renewable energy portfolio: Total € bn invested	<b>4.6</b>	2.8	1.9
– Private Equity (€ bn)	<b>3.5</b>	2.4	1.7
– Infrastructure Debt (€ bn)	<b>1.1</b>	0.4	0.2
Renewable energy portfolio: Total number wind and solar	<b>87</b>	72	59

## 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

(CO <sub>2</sub> e metric tonnes)	2016	2015	2014
Scope 1 – Direct GHG emissions, total	<b>55,991</b>	60,784	59,235
Scope 2 – Indirect GHG emissions (market based) total <sup>1</sup>	<b>161,244</b>	170,137	168,131
Scope 2 – Indirect GHG emissions (location based) total <sup>1</sup>	<b>256,129</b>		
Scope 3 – Other indirect GHG emissions, total	<b>164,396</b>	170,749	177,356
Scope 1–3 GHG emissions, total	<b>381,631</b>	401,670	404,722
KPI: Total GHG emissions per employee	<b>2.74</b>	2.83	2.85

<sup>1</sup> Electricity scope 2 emissions is in CO<sub>2</sub> due to data availability (IEA).

## ENERGY

	2016	2015	2014
Total energy consumption (GJ)	<b>2,794,128</b>	2,893,503	2,824,093
Energy consumption from our office buildings (GJ) <sup>1</sup>	<b>2,469,653</b>	2,561,412	2,505,809
Energy consumption from our data centers (GJ) <sup>1</sup>	<b>324,475</b>	332,092	318,284
KPI: Energy consumption from office buildings per employee (GJ) <sup>1</sup>	<b>17.71</b>	18.04	17.66
Electricity (%)	<b>70</b>	70.4	70.7
Fossil fuels (%)	<b>18</b>	18.5	18.7
Long-distance heating (%)	<b>11.7</b>	10.9	10.4
Other (energy from own sources including photovoltaic, internal waste heat) (%)	<b>0.2</b>	0.2	0.2
Green electricity as a share of total electricity used (%)	<b>45.1</b>	39.2	37.6

<sup>1</sup> We are currently in the process of consolidating our global data center estate. The reported energy consumption relates to our two strategic data centers in Europe and further data centers will be part of our reporting scope from 2017. 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

	2016	2015	2014
Total water consumption (m <sup>3</sup> )	<b>1,887,526</b>	1,915,934	1,968,004
Water consumption per employee (liters)	<b>13,536</b>	13,496	13,866
Drinking water (%)	<b>87.2</b>	85.4	88.2
Rain water (%)	<b>0.4</b>	0.3	0.4
Natural water (%)	<b>12.4</b>	14.4	11.4

# KEY SUSTAINABILITY DATA

## WASTE

	2016	2015	2014
Total waste (tons)	<b>21,438</b>	21,104	22,046
Waste per employee (kg)	<b>154</b>	149	155
Waste incinerated (%)	<b>43.3</b>	40.0	33.4
Waste recycled (%)	<b>40.2</b>	42.2	45.7
Waste to landfills (%)	<b>15.9</b>	17.1	19.6
Special waste treatment (%)	<b>0.6</b>	0.8	1.3

## PAPER

	2016	2015	2014
Total paper consumption (metric tons)	<b>14,946</b>	16,403	17,049
KPI: Paper consumption per employee (kg)	<b>107</b>	116	120
Recycled paper (%)	<b>37.8</b>	35.7	40.5
FSC-labelled paper (%)	<b>48.6</b>	40.7	42.6

## TRAVEL

	2016	2015	2014
Total travel (km)	<b>917,846,303</b>	914,405,025	905,188,880
Travel per employee (km)	<b>6,582</b>	6,441	6,378
Road travel (includes business travel by rental car, fleet car and private car) (%)	<b>43.9</b>	47.5	49.1
Air travel (%)	<b>47.5</b>	44.6	43.6
Rail travel (%)	<b>8.5</b>	7.8	7.3

## INCOME TAXES PER REGION<sup>1</sup>

Region	Income taxes in € mn
Americas	<b>851</b>
Asia Pacific	<b>36</b>
Europe	<b>2,132</b>
Other	<b>23</b>
Overall total	<b>3,042</b>

<sup>1</sup> Data not included in the assurance scope of the external Sustainability Report assurance.

## DIGITAL OUTBOUND COMMUNICATION

	As of Q2/2016
Share of digital outbound communication <sup>1</sup>	<b>59%</b>

<sup>1</sup> Digital contract- and claims-related outbound communication to customers, intermediaries, agents and external service providers.

## EMPLOYEES BY COUNTRY<sup>1</sup>

	As of 31 December 2016
Germany	<b>40,167</b>
France	<b>15,437</b>
United States	<b>8,008</b>
United Kingdom	<b>6,905</b>
Italy	<b>6,642</b>
Australia	<b>5,515</b>
India	<b>4,270</b>
Spain	<b>3,593</b>
Austria	<b>3,461</b>
Brazil	<b>3,414</b>
Other countries	<b>42,841</b>

<sup>1</sup> Total number of employees with an employment contract of all affiliated companies (core and non-core business).

## EMPLOYEES BY GENDER<sup>1</sup>

	As of 31 December 2016
Employee by gender, men (%)	<b>47.6</b>
Employee by gender, women (%)	<b>52.4</b>

<sup>1</sup> Total number of employees with an employment contract of all affiliated companies (core business).

## EMPLOYMENT RELATIONSHIPS<sup>1</sup>

	2016	2015	2014
Permanent employees (%)	<b>92.3</b>	92.7	93.2
Temporary employees (%)	<b>7.7</b>	7.3	6.8
Full-time employees (%)	<b>87.0</b>	87.8	88.2
– Male (%)	<b>53.5</b>	52.8	52.3
– Female (%)	<b>46.5</b>	47.2	47.7
Part-time employee (%)	<b>13.0</b>	12.2	11.8
– Male (%)	<b>18.7</b>	18.0	17.0
– Female (%)	<b>81.3</b>	82.0	83.0
Trainee <sup>2</sup> ratio (%)	<b>2.7</b>	2.6	2.3

<sup>1</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>2</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

	2016	2015	2014
Employee turnover rate (%)	<b>14.5</b>	15.5	16.1
Turnover rate (men) (%)	<b>13.6</b>	14.1	14.6
Turnover rate (women) (%)	<b>15.2</b>	16.8	17.4
Turnover rate by region (%)	<b>21.8</b>	22.7	23.8
– Asia Pacific			
Turnover rate by region (%)	<b>24.7</b>	26.6	31.6
– Eastern Europe			
Turnover rate by region (%)	<b>6.5</b>	6.5	6.5
– Germany			
Turnover rate by region (%)	<b>14.6</b>	15.5	5.4
– Middle East and Africa			
Turnover rate by region (%)	<b>13.9</b>	22.9	13.6
– North America			
Turnover rate by region (%)	<b>16.0</b>	15.9	16.8
– Rest of Europe			
Turnover rate by region (%)	<b>21.1</b>	13.1	14.9
– South America			
Total recruitment	<b>21,863</b>	23,163	23,844
Recruitment rate Group level (%)	<b>15.7</b>	16.3	16.7
Total recruitment (male) (%)	<b>48.3</b>	45.5	44.1
Total recruitment (female) (%)	<b>51.7</b>	54.5	55.9
Total recruitment by region (%)	<b>27.7</b>	28.5	25.6
– Asia Pacific			
Total recruitment by region (%)	<b>13.4</b>	15.8	19.2
– Eastern Europe			
Total recruitment by region (%)	<b>8.8</b>	9.2	8.7
– Germany			
External recruitment by region (%)	<b>21.5</b>	26.6	30.3
– Middle East and Africa			
Total recruitment by region (%)	<b>13.4</b>	13.8	13.5
– North America			
Total recruitment by region (%)	<b>18.3</b>	18.4	19.7
– Rest of Europe			
Total recruitment by region (%)	<b>13.2</b>	15.7	17.5
– South America			

## SICKNESS-RELATED ABSENTEEISM

(average days per employee)	2016	2015	2014
Average sick days per employee	<b>8.4</b>	8.0	7.4
Sick days per region			
Asia Pacific	<b>4.9</b>	3.7	3.9
Germany	<b>12.2</b>	12.0	11.3
Middle East and Africa	<b>3.7</b>	3.2	4.0
Eastern Europe	<b>6.5</b>	5.9	5.5
North America	<b>2.3</b>	2.9 <sup>2</sup>	1.2
South America	<b>3.0</b>	3.4	2.3
Rest of Europe	<b>8.4</b>	8.1	7.4

<sup>1</sup> Figures based on the number of employees in Allianz's core business.

<sup>2</sup> The figure for 2015 has been corrected.

	2016	2015	2014	2013
Total absenteeism lost days <sup>1</sup>	<b>1,134,957</b>	1,098,543	1,003,559	956,838
Coverage of employees <sup>1</sup>	<b>99.9%</b>	99.9%	99.8%	99.9%

<sup>1</sup> Figures based on the number of employees in Allianz's core business.

## DIVERSITY

	2016	2015	2014
Women in management <sup>1</sup>	<b>27.8</b>	23.3	23.1
Women in executive positions <sup>2</sup> (%)	<b>37.2</b>	36.8	36.2
Female managers <sup>3</sup> (%)	<b>52.4</b>	52.4	52.9
Share of women in core businesses (%)	<b>63</b>	61	62
Nationalities represented in executive positions <sup>4</sup>			

<sup>1</sup> Figures based on the number of employees in Allianz's core business.

<sup>2</sup> Including women at all executive positions below the Board of Management.

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

<sup>4</sup> Figures calculated by including all executive positions below the Board of Management.

## AGE STRUCTURE<sup>1</sup>

	2016	2015	2014
Average age Allianz Group	<b>40.6</b>	40.5	40.5
24 or under (%)	<b>7.0</b>	6.8	7.0
25-34 (%)	<b>27.8</b>	27.7	27.5
35-44 (%)	<b>27.3</b>	27.9	28.4
45-54 (%)	<b>25.2</b>	25.3	25.4
55-64 (%)	<b>12.3</b>	11.8	11.3
65 or over (%)	<b>0.4</b>	0.5	0.4

<sup>1</sup> Figures based on the number of employees in Allianz's core business.

## EMPLOYEE TRAINING<sup>1</sup>

	2016	2015	2014
Total expenses for employee training (€ m)	<b>93.0</b>	85.3	91.4
Training expenses per employee (€)	<b>690</b>	621	668
Average training days			
Staff	<b>2.9</b>	2.8	3.0
Managers	<b>3.1</b>	3.1	3.0
Employees participating in least one training session			
Staff (%)	<b>69.1</b>	68.7	63.8
Managers (%)	<b>80.9</b>	76.0	73.1


<sup>1</sup> Figures based on the number of employees in Allianz's core business.

## MY FINANCE COACH<sup>1</sup>

	2016	2015	2014
Number of Allianz volunteers <sup>2</sup>	<b>700</b>	727	723
Number of schools reached	<b>295</b>	308	306
Number of people reached			
Number of students reached	<b>327,786</b>	282,490	219,070
Number of teachers reached	<b>958</b>	954	692

<sup>1</sup> Figures only include Germany.

<sup>2</sup> As of 16 March 2017.

 For more information on key Human Resources facts and figures, achievements 2016 and an outlook for 2017, see the [HR Factbook](#).

# KEY SUSTAINABILITY DATA

## ESG SCREENING ACROSS SENSITIVE BUSINESS AREAS

	2016				2015				2014					
	Proceed	Proceed with mitigation	Do not proceed <sup>1</sup>	Total	Proceed	Proceed with mitigation	Do not proceed <sup>1</sup>	Total	Proceed	Proceed with mitigation	Do not proceed <sup>1</sup>	Total		
<b>Agriculture</b>	3	15	1	19	Agriculture	16	13	2	31	Agriculture	8	1	0	9
<b>Animal Testing</b>	1	1	0	2	Animal Testing	2	0	0	2	Animal Testing	3	0	0	3
<b>Animal Welfare</b>	1	2	0	3	Animal Welfare	1	0	0	1	Animal Welfare	1	0	0	1
<b>Betting and Gambling</b>	13	3	0	16	Betting and Gambling	8	1	0	9	Betting and Gambling	0	1	0	1
<b>Clinical Trials</b>	15	7	0	22	Clinical Trials	10	2	1	13	Clinical Trials	4	0	0	4
<b>Defense</b>	41	22	3	66	Defense	18	16	2	36	Defense	11	0	1	12
<b>Human Rights</b>	21	8	1	30	Human Rights	25	21	1	47	Human Rights	29	0	3	32
<b>Hydro-Electric Power</b>	14	9	2	25	Hydro-Electric Power	14	16	2	32	Hydro-Electric Power	8	1	0	9
<b>Infrastructure</b>	45	50	0	95	Infrastructure	32	23	2	57	Infrastructure	9	1	1	11
<b>Mining</b>	18	66	3	87	Mining	11	62	2	75	Mining	28	4	4	36
<b>Nuclear Energy</b>	7	6	1	14	Nuclear Energy	5	5	0	10	Nuclear Energy	4	0	0	4
<b>Oil and Gas</b>	17	48	2	67	Oil and Gas	19	38	1	58	Oil and Gas	13	5	4	22
<b>Sex Industry</b>	0	0	0	0	Sex Industry	2	0	0	2	Sex Industry	1	0	0	1
<b>Other ESG and Reputational Risks</b>	44	14	4	62	Other ESG and Reputational Risks	28	4	0	32	Other ESG and Reputational Risks	2	2	1	5
<b>Grand Total</b>	<b>240</b>	<b>251</b>	<b>17</b>	<b>508</b>	<b>Grand Total</b>	<b>191</b>	<b>201</b>	<b>13</b>	<b>405</b>	<b>Grand Total</b>	<b>121</b>	<b>15</b>	<b>14</b>	<b>150</b>
<b>Percentage</b>	<b>47.2%</b>	<b>49.4%</b>	<b>3.3%</b>		<b>Percentage</b>	<b>47.2%</b>	<b>49.6%</b>	<b>3.2%</b>		<b>Percentage</b>	<b>80.7%</b>	<b>10.0%</b>	<b>9.3%</b>	

<sup>1</sup> Transactions declined for ESG reasons or as part of the overall risk evaluation.

**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 5th, 2017

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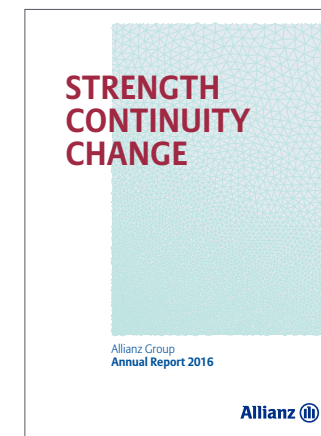
Click [here](#) to view the Assurance Report.

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 2016 and an outlook for 2017, see the [HR Factbook](#).



**+** For more information on Allianz Group, see the [Annual Report 2016](#).