

# Allianz Group

## Global Compact\_ Communication on Progress 2006/2007

### CEO statement/ statement of support

The aim of Allianz to be a leader in sustainable development has been confirmed by the second time in a row by its top-listing in the Dow Jones Sustainability Index. The Global Compact's 10 principles are also referenced in the company's Code of Conduct and are referred to in speeches by the global CEO. *"Sustainable Development values have always been, by nature, an integral part of our business as an international financial services provider and they are increasingly becoming a strategic key success factor for Allianz. Our continued commitment to the UN Global Compact's 10 principles on universal social and environmental practices is reflected in part by our progress against our goals."* (Michael Diekmann, CEO)

Read the full CEO statement under

[http://www.allianz.com/en/allianz\\_group/sustainability/our\\_strategy/statement/index.html](http://www.allianz.com/en/allianz_group/sustainability/our_strategy/statement/index.html)

### Brief description of nature of business

As an international financial services provider, we feel sustainable development is inherent to our business from product development to long-term financial solutions. We are focused on finding the right solutions that address the local and global challenges our customers face, whether this is global climate change or an aging population. To ensure success, we must understand our stakeholders and address their needs in a way that is sustainable for our businesses and for society. Through our knowledge and experience, we are in a unique position to help individuals, communities and businesses to understand, manage and mitigate risk, protect their assets and invest responsibly in the future.

#### PRINCIPLE 1

**BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS**

#### PRINCIPLE 2

**BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES**

#### Actions taken

**Actions**

For many years Allianz has led an active policy to ensure respect and compliance with human rights in countries we operate in.

In June 2005, the Allianz Group adopted the Code of Conduct for Business Ethics and Compliance

The Code commits all Allianz Group companies:

- to honest and fair behavior
- strictly prohibits corruption and insider trading, as well as incorrect reporting
- to maintain human rights and equal opportunity. Nobody in Allianz is discriminated against on

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grounds of origin, religion, gender or disability.

- to both the UN and OECD guidelines, and the requirements of the US Sarbanes Oxley Act.

### Ensuring compliance with our Code of Conduct:

Our Code of Conduct outlines our 'whistleblowing' policy, which encourages employees to report any behaviour that they know contravenes the Code of Conduct and gives assurance that the information they provide will be treated confidentially.

Group Compliance and the local Compliance Officers in the Group companies are monitoring and reporting on the implementation of the Code of Conduct. They are in charge of recording any information from employees on behalf of illegal or questionable activities and of making employees aware of the Code of Conduct.

More about our Code of Conduct under

[http://www.allianz.com/en/allianz\\_group/sustainability/media/downloads/code\\_of\\_conduct.pdf](http://www.allianz.com/en/allianz_group/sustainability/media/downloads/code_of_conduct.pdf)

### Working conditions

According to the Global compacts understanding, respecting human rights also means to create safe and good working conditions for employees. At Allianz we value employees as our biggest asset and our efforts often go beyond local legal requirements.

More about our HR management under

[http://www.allianz.com/en/allianz\\_group/sustainability/implementation/human\\_resources/index.html](http://www.allianz.com/en/allianz_group/sustainability/implementation/human_resources/index.html)

### Screening of Suppliers

We work with thousands of suppliers across a wide range of industries on a daily basis, and we are committed to working with them to develop strategies that meet our environmental and social standards. In January 2006, the International Purchasing Committee developed the 'Ethical Business Practices in Purchasing and Supply Management' and subsequently an 'Operative Purchasing Manual', setting out a general purchasing process including social and environmental standards.

These include:

- Zero tolerance of child/forced labour and discrimination
- Recycling requirements from waste management to procurement of recycled materials
- Environmental, health and safety management

To complement our Group initiatives, Allianz companies have proactively implemented local sustainable development procurement policies. For example the French company AGF has implemented similar guidelines and uses a questionnaire for screening suppliers, while our Italian company RAS uses a Code of Ethics to regulate the way it selects suppliers.

More about our Supply chain management under

[http://www.allianz.com/en/allianz\\_group/sustainability/implementation/supply\\_chain/index.html](http://www.allianz.com/en/allianz_group/sustainability/implementation/supply_chain/index.html)

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<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<p><b>GRI Balance sheet</b>  <a href="http://www.allianz.com/en/allianz_group/sustainability/performance/gri_index/index.html">http://www.allianz.com/en/allianz_group/sustainability/performance/gri_index/index.html</a></p> <p>HR1., HR2, HR3, HR4, HR8, HR9            INT1, SOC1, SUP1            F1, F2, F4.</p> <p><b>Awards:</b>  <u>Allianz Life USA: Human Rights Campaign Top 100 National Ranking</u></p> <p>HRC is a national organization that strives to end discrimination against Gay, Lesbian, Bisexual and Transgender citizens, and to achieve fundamental fairness and equality for all. This marks the fifth year of the HRC's annual "Corporate Equality Index" and the first time Allianz has received a perfect score.</p>

<b>PRINCIPLE 3</b>	<b>BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING</b>
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<b>Actions</b>	<b>Actions taken</b>
	<p>We have been an SE since 13 October 2006. At the same time the companies involved, RAS and Allianz AG, reached an agreement with employees on how they will participate under the new circumstances. This agreement basically regulates corporate codetermination in the Supervisory Board of Allianz SE as well as the composition and area of responsibility of the future European Staff Council. The Supervisory Board of Allianz SE consists of 12 members, giving equal representation to the shareholders and to employees. For the first time the employee representatives come from different European countries: four from Germany and one each from France and the UK. In the first pan-European SE Staff Council, 37 members from 24 countries represent the interests of employees.</p>

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<b>PRINCIPLE 4</b>	<b>BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR</b>
<b>PRINCIPLE 5</b>	<b>BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR</b>

<b>Actions</b>	<b>Actions taken</b>
	<p><b>Please also see our answers to Principle 1 and 2.</b></p> <p>Our Code of Conduct for Business Ethics and Compliance commits all Allianz Group companies: to maintain human rights. This excludes any activities that are related to child labor or forced labor. To bear witness of this commitment Allianz has signed both the UN and OECD guidelines, that are covering all internationally recognised core labour standards with the addition of recommendations relating to the elimination of child and forced labour.</p> <p>As Allianz works in the services sector, principle 4 and 5 of the GC especially applies to our suppliers and their employees rather than its own workforce. In its efforts to actively support international labor standards the International Purchasing Committee recently developed the 'Ethical Business Practices in Purchasing and Supply Management' and subsequently an 'Operative Purchasing Manual', setting out a general purchasing process including social and environmental standards, including a policy of zero tolerance of child/forced labour and discrimination</p>
<b>Outcome</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<p><b>GRI Balance sheet</b>  <a href="http://www.allianz.com/en/allianz_group/sustainability/performance/gri_index/index.html">http://www.allianz.com/en/allianz_group/sustainability/performance/gri_index/index.html</a></p> <p>HR5, HR6, HR7</p>

<b>PRINCIPLE 6</b>	<b>BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION</b>
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<b>Actions</b>	<b>Actions taken</b>
	<p>Allianz is convinced that staff diversity is a key success factor in generating innovation and competitiveness. This belief is also manifested in the Code of Conduct under Principle 2 "Non-Discrimination/Feedback learning Culture/Professional Development based upon Performance and Potential" and by assigning a Holding Board member for all diversity-related issues.</p>

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	<p>Allianz Global Diversity Principles and Guidelines provide a framework to coordinate our efforts and ensure consistent diversity goals. A diverse workforce can better respond to changes and better serve new markets and customer groups. For example Allianz often designs teams to have a generation mix, in the belief this will generate a healthy exchange. We also run a range of employee support initiatives, such as work–life balance programs for various life stages and health programs.</p> <p>As well as welcoming a diverse range of employees, we must also foster an environment in which they know they can be heard. We are constantly striving to encourage a culture of communication where surveys allow us to stay in tune with our employees, and help us to determine which aspects of our strategy best motivate our workforce.</p> <p>Allianz has launched a new Strategic HR Scorecard to facilitate our internal dialogue on people and leadership issues across Allianz. It allows us to assess a range of factors by setting targets against 20 key performance indicators such as “Employee engagement, trust and feedback “ or “Learning and growth”</p> <p>More about our HR management under <a href="http://www.allianz.com/en/allianz_group/sustainability/implementation/human_resources/index.html">http://www.allianz.com/en/allianz_group/sustainability/implementation/human_resources/index.html</a></p>
<b>Outcomes</b>	<p><b>Measurement of (expected) outcomes and value added for our company</b></p>
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<b>PRINCIPLE 7</b>	<b>BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES</b>
<b>Actions</b>	<p><b>Actions taken</b></p>
	<p>Our Group Risk policy supports a precautionary approach to environmental and social challenges. The Risk Policy was updated in 2005 and places more emphasis on emerging risks, which covers risk drivers resulting from technological developments, growing environmental problems or social</p>

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	<p>injustices.</p> <p>The Trend Assessment Committee associated with the holding company has been addressing future trends and emerging risks since 2002. It analyzes critical trends through its early warning systems and is generating risk maps and depicts mega trends. It regularly reports on these to the Board of Management.</p> <p>The precautionary principle within Allianz is manifested for example in the climate strategy and the associated action plan. Furthermore Allianz is participating in several initiatives to stay at the forefront of trends, research and action leadership (e.g. Carbon Disclosure Project, Emerging risk initiative, Enhanced Analytics Initiative, Dialogue with the WWF).</p> <p>More about our risk management under  <a href="http://www.allianz.com/en/allianz_group/sustainability/implementation/risk_management/index.html">http://www.allianz.com/en/allianz_group/sustainability/implementation/risk_management/index.html</a></p>
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	<p><b>GRI Balance sheet</b>  <a href="http://www.allianz.com/en/allianz_group/sustainability/performance/gri_index/index.html">http://www.allianz.com/en/allianz_group/sustainability/performance/gri_index/index.html</a>            CSR1, SUP2            F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12, F13.</p>

<b>PRINCIPLE 8</b>	<b>BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY</b>
<b>Actions</b>	<b>Actions taken</b>
	<p>Allianz is committed to promote sustainable development both internally and in the wider community.</p> <p><b>Internal commitment</b></p> <p>Our company is committed to reduce our <u>environmental footprint</u> and to act as a multiplier of best-practice:</p> <ul style="list-style-type: none"> <li>- climate strategy (20%GHG reduction by 2012)</li> <li>- Environmental management system in confirmation with ISO 14001. Enlargement of EMS from 61% to 80% of all employees.</li> <li>- Code of Conduct (especially §18 "Protection of Group Property and Natural Resources)</li> <li>- Internal awareness raising (exhibitions, theatres, Intranet, quiz)</li> <li>- Employees brochure on sustainability</li> </ul> <p>More on our EMS under  <a href="http://www.allianz.com/en/allianz_group/sustainability/implementation/envi">http://www.allianz.com/en/allianz_group/sustainability/implementation/envi</a></p>

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	<p><a href="http://www.allianz.com/en/allianz_group/sustainability/environmental_management/index.html">ronmental_management/index.html</a></p> <p><b>External Commitment</b></p> <ul style="list-style-type: none"><li>- Development of products rewarding environmental friendly behaviour, e.g. property insurance discount on green buildings <a href="http://www.allianz.com/en/allianz_group/sustainability/implementation/products_services/index.html">http://www.allianz.com/en/allianz_group/sustainability/implementation/products_services/index.html</a></li><li>- External commitments, e.g. the Global Round Table on climate change; Climate Group) <a href="http://www.allianz.com/en/allianz_group/sustainability/our_strategy/commitments/index.html">http://www.allianz.com/en/allianz_group/sustainability/our_strategy/commitments/index.html</a></li><li>- environmental criteria (e.g. energy efficiency of products) for procurement/ screening of suppliers <a href="http://www.allianz.com/en/allianz_group/sustainability/implementation/supply_chain/index.html">http://www.allianz.com/en/allianz_group/sustainability/implementation/supply_chain/index.html</a></li><li>- Launch of the information platform "Allianz Knowledge" on sustainable development issues (<a href="http://knowledge.allianz.com">http://knowledge.allianz.com</a>)</li></ul>
<b>Outcomes</b>	<b>Measurement of (expected) outcomes and value added for our company</b>
	We were able to significantly reduce Co2 emissions, paper use and waste per employee, leading to an overall cost reduction in these areas.

	Total Impact	Impact Per Employee	Progress (since 2005)
CO <sub>2</sub> emissions	<b>625,500 tons</b> – 9% direct emissions (burning fossil fuels at our operations) – 67% indirect emissions by heat and electricity consumption – 24% other indirect emissions– business travel, consumption of paper and drinking water – waste disposal	3,754kg of CO <sub>2</sub> *	4.7% ↓
Energy consumption	<b>1.6 million MWh</b> – 16.6% fossil fuels, 1.5% internal and regenerative heat, 62.2% electricity, 19.7% heating	9,724kWh	4% ↑
Recycled paper	<b>3,520 tons</b> – 10.3% of total paper consumption	21kg	8% ↑
Paper use	<b>34,000 tons</b>	204kg	16.5% ↓
Water use	<b>3 million m<sup>3</sup></b>	17,990 liters	5.7% ↑
Waste	<b>47,000 tons</b> – 80% recycled – 19% thermically treated – 1% in landfills	282kg	14.3% ↓
Travel	<b>716,852,000km</b> – Air travel 34% – Rail 14% – Car 52%	4,302km	3.8% ↑

**GRI Balance sheet**  
[http://www.allianz.com/en/allianz\\_group/sustainability/performance/gri\\_index/index.html](http://www.allianz.com/en/allianz_group/sustainability/performance/gri_index/index.html)  
 EN1-30  
 F1-F 13  
 CSR1, SUP1, SUP2

Rating result  
 In 2007, we received the DJSI insurance sector leader title for the second year with a score of 77%. We scored best in class for environmental performance (with a score of 77%) and above average in the economic (74%) and social (78%) dimensions.

<b>PRINCIPLE 9</b>	<b>BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES</b>
<b>Action</b>	<b>Actions taken</b> As an integrated financial services provider we are a driver for technological innovation. Allianz is already insuring wind energy since its early days and the Allianz Centre for Risk and

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Technology gained internationally recognised expertise in the field of renewable energies.

The firm belief of Allianz in the potential of environmental friendly technology bears witness through a holistic approach in promoting it, including:

### Creation of Allianz Climate Solutions

In May 2007, we formed the Allianz Climate Solutions Group (100% subsidiary) to focus on developing tailor made climate change related products for our customers across all our service offerings.

### Investment and asset management

- Investment of €300-500 millions by 2010 in renewable energies (€175 million already invested to date).
- Eco-trends fund: a fund dedicated to investments in renewable energy. Over €1 billion invested in 2006, in Europe, the USA and Asia.
- EU Carbon Fund–AGF invested €10 million in CO2 emission allowances. This innovative exchange mechanism is intended to help reduce Greenhouse Gas Emissions (GHG).

### Insurance

- Allianz is working with industrial clients to develop climate change risk management expertise and related insurance products in line with low-carbon technologies.
- Allianz is constantly developing innovative products and service solutions to promote sustainable technologies, e.g. the. Ecopackage that partially reimburse environmental friendly modernisations of buildings. Another example is “EcoMotion” where customer can select to offset the emissions of their car when purchasing insurance. The service is offered through 3C, a consulting company specialized in carbon neutralization projects via investment into worldwide emission reduction projects such as renewable energy.

### Banking

- Dresdner Bank is consulting and financing project on renewable energies
- In November 2006, the European Carbon Investors and Services (ECIS) was founded by 18 carbon market leaders, including Dresdner Bank, to represent the market perspective on emissions trading and climate investments. As one of its first activities, ECIS asked the EU Commission for stringent allocations in the second phase of the EU ETS.
- Dresdner bank is a leading player in European Emissions trading and advisory services.
- Carbon Trading: investment in projects that generate CO2 certificates for investors.

More on our products and services related to the promotion of renewable energies under:

[http://www.allianz.com/en/allianz\\_group/sustainability/implementation/products\\_services/index.html](http://www.allianz.com/en/allianz_group/sustainability/implementation/products_services/index.html)

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	<p><u>Research and partnerships</u></p> <ul style="list-style-type: none"> <li>• The Allianz Centre for Technology and Dresdner Kleinwort are on the forefront with research on wind energy, hydro energy, fuel cell technology etc</li> <li>• .Participation in initiatives (e.g. “2°C”):fosters technological development to restrict global warming to another 2°C)</li> </ul> <p>More on our studies under: <a href="http://www.allianz.com/en/allianz_group/sustainability/studies/index.html">http://www.allianz.com/en/allianz_group/sustainability/studies/index.html</a></p> 
<b>Outcomes</b>	<p><b>Measurement of (expected) outcomes and value added for our company</b></p>
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<b>PRINCIPLE 10</b>	<b>BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY</b>
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<b>Action</b>	<b>Actions taken</b>
	<p><u>Compliance is a core value of Allianz and our approach to it is detailed in the Code of Conduct (6 principles are dedicated to this issue) along with our guidelines towards bribery and money</u></p>

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	<p>laundering prevention.</p> <p>Allianz Group does not tolerate any form of corruption or bribery nor does the Allianz Group want to be misused for any kind of illegal activities, be it through clients, third parties, sales agents, business contractors or through its own employees and shall take appropriate measures to protect against such misuse. Allianz Group is fully committed to the international fight against money laundering and the financing of terrorism and applies a risk-based "know-your-customer" policy in line with applicable laws and regulations. Employees must neither be engaged in nor tolerate any illegal activity in connection with Allianz Group in their workplace.</p> <p>Group Compliance and the local Compliance Officers in the Group companies are monitoring and reporting on the implementation of the Code of Conduct. They are in charge of recording any information from employees on behalf of illegal or questionable activities and of making employees aware of the Code of Conduct.</p> <p>More about our Code of Conduct under  <a href="http://www.allianz.com/en/allianz_group/sustainability/media/downloads/code_of_conduct.pdf">http://www.allianz.com/en/allianz_group/sustainability/media/downloads/code_of_conduct.pdf</a></p> <p>Furthermore Allianz participates in the <u>Transparency International Initiative</u>          Transparency International is a non-profit, politically unaffiliated, international movement battling global corruption, seeking to engage all sectors of society in this fight.</p>
<b>Outcomes</b>	<p><b>Measurement of (expected) outcomes and value added for our company</b></p>
	<p><b>GRI Balance sheet</b>  <a href="http://www.allianz.com/en/allianz_group/sustainability/performance/gri_index/index.html">http://www.allianz.com/en/allianz_group/sustainability/performance/gri_index/index.html</a></p> <p>SO2, SO3, SO4          CSR1</p>

### How do you intend to make this COP available to your stakeholders?

Our COP is integrated into our existing communication with stakeholders through the annual report and especially the sustainability report (web based and as downloadable PDF); this year we will also launch for the first time an employees magazine on sustainable development.

We are orienting our sustainability reporting towards the GRI G3 framework (B-level).