

United Nations Global Compact – Communication on Progress 2009/2010



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

Statement of continuing support



Michael Diekmann, CEO Allianz SE

In 120 years of managing risk for our clients all over the world, Allianz has faced countless challenges. No small number of those challenges were caused by people themselves. The failure of the climate negotiations in Copenhagen, the financial and debt crisis, and ecological catastrophes like the explosion of the Deepwater Horizon oil platform in the Gulf of Mexico are stark signals.

These current events and their vast social damage give rise to doubts: are our political and economic management concepts sophisticated enough to really manage these new risks? They have given us a great deal of space for progress, growth and prosperity in many parts of the world. But they appear to fall short in dealing with long-term risks and crises.

Large portions of the population share this view. More than ever, the latest events have opened people's eyes to the risks that shape their lives, and to the dangers that can arise out of our own actions.

This is an opportunity: for policymakers, for society, and also for businesses. The world must take action – and on the basis of broader planning horizons than quarters, fiscal years, the length of management contracts, or legislative terms of office. But before that, we need a new societal consensus about how to safeguard prosperity and growth in the future.

Sustainability offers one way of achieving this. Sustainable development enables both businesses and policymakers to take a holistic management approach whose processes include all stakeholders, that makes better use of current knowledge, and that takes account of the long-term effects of decisions.

Sustainable Development values have always been, by nature, an integral part of our business and they are a strategic key success factor for Allianz. The Allianz Code of Conduct for Business Ethics and Compliance shapes our corporate culture of responsibility and is the basis of all other principles and policies and is obligatory for our employees worldwide. The integration of the United Nation Global Compacts (UNGC) ten principles into our Code shows our commitment and the fundamental importance we attach to them as guidelines for all our activities.

Our continued commitment to the ten principles on human and labour rights, the environment and anti-corruption is reflected in our progress against our goals. Our Sustainable Development Report 2010 provides insight into the range of our activities and outcomes over the past year including our Anti-Corruption Program, our Diversity initiative and our CO2 Reduction Program. We are committed to further advance the UNGC ten principles within our sphere of influence.



Michael Diekmann, CEO Allianz SE

Nature of the business

The Allianz Group with more than 150,000 employees worldwide is an international financial services provider and offers insurance, banking, asset management products and services to approximately 75 million customers in about 70 countries.

Insurance

We are one of the leading insurance groups in the world and rank number one in the German property-casualty and life insurance markets based on gross written premiums and statutory premiums, respectively.

We are also among the largest insurance companies in a number of the other countries in which we operate. Our product portfolio includes a wide array of property-casualty and life/health insurance products for both private and corporate customers.

We conduct business in almost every European country, with Germany, Italy and France being our most important markets. We also run operations in the United States, Central and Eastern Europe and the Asia-Pacific region.

Asset Management

We are one of the five largest asset managers in the world. Our business activities in this segment consist of asset management products and services both for third-party investors and for the Allianz Group's insurance operations. We serve a comprehensive range of retail and institutional asset management clients. Our institutional customers include corporate and public pension funds, insurance and other financial services companies, governments and charities, and financial advisors.

Our retail asset management business is primarily conducted under the brand name Allianz Global Investors (AllianzGI) through our operating companies worldwide. In our institutional asset management business, we operate under the brand names of our investment management entities, with AllianzGI serving as an endorsement brand.

The United States, Germany, France, Italy and the Asia-Pacific region represent our primary asset management markets.

The Allianz Group managed EUR 926 billion of third-party assets as of December 31, 2009.

Banking

In the banking business we focus on our core market Germany under the brand name Allianz Bank. In collaboration with Oldenburgische Landesbank the main thrust of our activities lies in addressing the financial needs of our agencies' customers. Outside Germany we are represented by our Assurbanking unit in selected regions.

Material issues to our business

A key element of sustainable development is to identify the relevant environmental, societal and governance topics that are financially material to our long-term business strategy. Our materiality matrix 2010 can be accessed via the following link: www.allianz.com/Materiality Matrix 2010

Human Rights

PRINCIPLE 1

Business should support and respect the protection of internationally proclaimed human rights

PRINCIPLE 2

Business should make sure that they are not complicit in human right abuses

Our commitment

Allianz sees it as part of its corporate responsibility to respect and promote human rights, particularly in relation to the conduct and influence of the company's own operations. Allianz is a signatory of the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises and endeavors to apply core principles related to human rights throughout its operations worldwide.

Allianz fully adheres to local labor laws and regulations. Over 80% of our operations are based in Europe, where human rights are comprehensively integrated into national legislation. In countries where local legislation goes further than the principles set out by the UNGC, Allianz also applies the additional local legislation to our business conduct. In countries where local legislation could prevent Allianz from upholding aspects of the UNGC, Allianz strives to act in the spirit and nature of these principles while respecting and adhering to the applicable local legislation.

Systems, activities and outcomes

Code of Conduct

Allianz expresses its commitment to respect and support human rights within the company's Code of Conduct for Business Ethics and Compliance (Code of Conduct) which makes clear reference to Allianz' commitment to the ten principles of the UNGC. The standards for business conduct established in the Allianz Group's Code of Conduct are the basis for principles and guidelines and are obligatory for all employees worldwide.

The Code of Conduct and additional internal guidelines provide all employees with clear guidance on conduct that is in accordance with the values of Allianz. These guidelines also help employees recognize when they are approaching a critical limit, such as the acceptance of gifts or invitations from business partners. The Code of Conduct also forms the basis for guidelines and controls to ensure fair dealings with Allianz customers (Sales Compliance).

Our Code of Conduct regulates our actions, for example concerning employee behavior. Training is delivered to employees in accordance with the specific human rights issue, local awareness, and applicable regulations. Every Allianz company is obliged to provide anti-discrimination training, however the proportion of the employee population for which it is mandatory depends on local legislation. In some countries the training is mandatory for all managers and employees, such as in Germany, whereas in others it applies only to managers, as is the case in France. To date, a total of 61,000 Allianz employees world-wide have gone through our anti-discrimination training.

Group compliance department and local compliance officers in the Group companies are responsible for monitoring and reporting on the implementation of the Code of Conduct.

For further details on outcomes please see the chapter on “Corporate conduct and compliance” in our Sustainable Development Report 2010:

www.allianz.com/Corporate Conduct and Compliance

Reputational Risk

Human rights have been identified as an important issue for Allianz and have thus become part of the sensitive reputational risk area “Sustainability Issues”. The Allianz Group communications department regularly assesses reputational risks and presents them to the Allianz Group Risk Committee. Our reputational risk policy has defined sensitive areas for our operating business, such as human rights, defense, pornography, sexual abuse and health damage issues. Local risk managers are responsible for continuously monitoring these areas.

Health and Safety

Health-management systems are implemented locally with every subsidiary being responsible adjusting it to local needs and requirements. Allianz offers a variety of actions (workshops, seminars, brochures, etc.) to support its employees in health maintenance and stress prevention. Although, we do not have a Group-wide program in place similar activities take place in nearly all Allianz companies in accordance with local customs and requirements.

In Germany, for example, Allianz has installed a health-management system in its companies that is engaged in improving healthy nutrition for employees, carries out blood tests for cholesterol, blood sugar, etc. and runs health management seminars. In addition, Allianz supports employee exercise facilities and the ergonomic design of workspaces. In larger companies, Allianz provides medical staffs who carry out free cancer screening and general health examinations. As part of this program, we ran three health promotion campaigns during the last four years, including early detection of colorectal cancer. The facilities are open to all employees and agents of Allianz Group Germany and their family members. Its organizational features are covered by “Allianz Betriebskrankenkasse”, BKK (Corporate Health Insurance Fund) and the costs are borne by Allianz companies. Furthermore, we offer eye tests for employees who work with computers, an annual influenza vaccination, and assistance for staff recovering from illness (for example standing desks or part-time hours). Another example is Allianz Brazil, which offers a health program for members of staff

and customers suffering from diabetes or cardiovascular disease. Each person is given a medical examination and an individual program to follow, and they receive ongoing telephone support from a health professional if required. Finally, Allianz has teamed up with a French non-governmental organization to run awareness programs on HIV/AIDS for employees at our twelve subsidiaries in sub-Saharan Africa.

For further details on outcomes please see the chapter on “Health and job satisfaction” in our Sustainable Development Report 2010:

www.allianz.com/Health and Job Satisfaction

Employees’ reporting – whistle-blowing

A major component of the Allianz compliance program is a whistle-blower system that allows employees to confidentially alert the relevant compliance department about irregularities. Employees who voice concerns about irregularities in good faith need not fear retribution in any form, even if the charge later turns out to be unfounded. An internal survey we conducted throughout the entire Group in 2010 shows that almost every subsidiary has a whistle-blowing channel. The Group’s Compliance department offers all employees worldwide the option to report irregularities directly to the Allianz headquarters via a whistle-blowing e-mail.

For further details on outcomes please see the chapter on “Compliance@Allianz” in our Sustainable Development Report 2010:

www.allianz.com/Compliance@Allianz

Sustainability in Finance

Allianz feels that sustainability is inherent to our business and we take this responsibility very seriously. Not only do we pursue a long-term investment strategy and stringently manage our risks, we are also continuously looking for ways to promote sustainability through our business activities, such as responsible investing (RI) and developing products and services with added social value.

The general public is increasingly aware of the impact social and environmental factors can have on a company’s share price. Our customers are demanding more investment products and services that underpin sustainable development. Allianz has responded to these demands, both by offering third parties new responsible investment (RI)-oriented products and services and by managing funds on behalf of third parties. In addition, we employ our own financial resources to invest in renewable energy.

Our approach to RI: Allianz asset managers have always sought to make investment decisions that optimize our customers’ financial interests. RI represents a great opportunity to work hand-in-hand with our customers in promoting sustainable development. In 2009, the portfolio of the regional and global RI funds we managed totaled EUR 4.8 billion up from EUR 4.2 billion at the end of 2008. These funds invest in companies that meet financial as well as environmental, social, and governance (ESG) criteria.

Voluntary commitments: Investments can only be responsible if they meet – and are seen to meet – internationally recognized criteria. This is why a growing number of Allianz’ investments comply with various international guidelines, including the Principles for Responsible Investment (PRI), an investor initiative in partnership with the United Nations Environment Programme Finance Initiative, and the United Nations Global Compact that provide guidance on incorporating ESG information (factors, issues, criteria) into investment decision-making and ownership processes.

AllianzGI France, RCM UK, and AllianzGI Korea, three members of the AllianzGI Group are all committed as co-initiators of and signatories to the PRI. Our subsidiaries manage several RI funds that specifically consider human rights criteria in order to identify a “responsible” and/or “sustainable” investment universe. At AllianzGI France, all RI funds are subject to prior human rights screening. In other words, before constructing the RI portfolios, issuers must first obtain a minimum human rights score. Only then will they undergo the financial analysis and additional esg analysis necessary for the approval of the portfolio construction.

For further details on outcomes please see the chapter on “Sustainability in Finance” in our Sustainable Development Report 2010:
www.allianz.com/Sustainability in Finance

Access to insurance

Offering low-premium insurance to poor people is one of the biggest challenges for a global insurance provider – and a vital tool in supporting the rural communities of emerging countries. After all, 40% of the global population lives on less than USD 2 a day. Poor people are more severely affected by natural disasters, accidents and illness. They also lack the opportunity to save, or to take out insurance to hedge against these shocks. Allianz knows that microinsurance can help them cope. Our Group’s microinsurance products are particularly designed for low-income households with no other access to basic insurance.

Our empirical observations have provided strong evidence that giving low-income families access to essential financial services improves their lives. In 2009 some 3.8 million customers have taken out microinsurance from Allianz, and most of them live in Asia. Policyholders can benefit from a range of microinsurance products that go beyond coverage for the risks listed above, such as products that offer an educational allowance for a child or that cover funeral expenses in the event of accidental death.

For further details on our outcomes, please see the chapter on “Microinsurance” in our Sustainable Development Report 2010:
www.allianz.com/Microinsurance

as well as our most recent microinsurance report:
www.allianz.com/Microinsurance Report

Suppliers

Compared with other sectors such as manufacturing, the risks associated with the social and environmental impact of Allianz’ supply chain are limited. Nonetheless, our Group is committed to the development of supply chain management that meets globally recognized social and environmental standards, along with other targets such as process efficiency.

Allianz pursues to achieve long-term, mutually beneficial partnerships with our suppliers based on fair and honest practices. Our approach in this respect is in line with International Labor Organization standards and the principles of the United Nations Global Compact. In particular, we require our suppliers to respect environmental and social standards in their daily business and to comply with Allianz’ minimum Purchasing Principles. Core elements of the Purchasing Principles include:

Labor:

- Guaranteeing that occupational health and safety standards are met
- Paying fair, livable wages
- Keeping working hours within legal limits
- Giving staff adequate training

Human Rights:

- Showing zero tolerance of child labor, forced labor, and discrimination
- Allowing freedom of association (unionization) and collective bargaining, in accordance with national legislation

Environment

- Minimizing energy consumption, environmental pollution, and the use of natural resources
- Purchasing recycled products

Governance:

- Showing zero tolerance of any kind of discrimination, corruption, bribery, or fraud

In parallel to our Purchasing Principles, the relevant sections of the Allianz Code of Conduct provide clear guidance on how we expect our employees to interact with suppliers. For instance, our Code of Conduct states that we do not tolerate any kind of discrimination, corruption, bribery, or collusion between purchasing staff and suppliers.

Allianz' supply chain monitoring goes further than our supplier selection procedure. We plan to introduce a Vendor Integrity process by the beginning of 2011 to check suppliers' compliance with our Group's Purchasing Principles. This involves self-assessment on the part of our suppliers and includes questions regarding corruption and bribery. The answers to these questions should also give clear indications of any employee whistle-blowing systems in our suppliers' organizations, or any ongoing in-house investigations.

For further details on our outcomes, please see the chapter on "Suppliers" in our Sustainable Development Report 2010:
www.allianz.com/Suppliers

Labor

PRINCIPLE 3

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

PRINCIPLE 4

Business should uphold the elimination of all forms of forced and compulsory labor

PRINCIPLE 5

Business should uphold the effective abolition of child labor

PRINCIPLE 6

Business should uphold the elimination of discrimination in respect of employment and occupation

Our commitment

One of Allianz' fundamental challenges for the future is attracting well-educated and motivated staff, offering them the right jobs, and retaining talent in the long term. This is particularly true in the context of demographic change and the resulting lack of qualified staff in the foreseeable future.

Allianz is taking a strategic approach to this challenge. On the one hand, we are establishing a broad basis of varied talents while on the other, we take a Group-wide approach to personnel development. Allianz' success is based on healthy and committed employees who actively support the Group's progress. We are therefore reinforcing a company culture towards appreciation and diversity, open dialogue with our staff and understanding of the work-life balance.

Systems, activities and outcomes

Freedom of association and collective bargaining

Allianz was among the first companies to establish a European Works Council ("SE Works Council") under the legislation for "Societas Europaea" (SE) companies and thus one of the first companies to expand workers' participation standards to a European level. Also under the SE legislation, the Supervisory Board of Allianz now includes employee members reflecting the distribution of Allianz employees across the European Union member states.

In the "Agreement concerning the Participation of Employees in Allianz SE", the legal basis for the cooperation with the SE Works Council, Allianz expressly welcomes and acknowledges the establishment of employee representations in its Group companies and their cooperation with the unions. In addition, Allianz is committed to the goal of observing and implementing the Fundamental Rights and Principles at Work of the International Labor Organization (ILO) and the principles of the Global Compact and the OECD Guidelines for Multinational Companies, including the ILO declaration on the freedom of association and the right to collective bargaining. Thus, in countries where local law prohibits formalized works councils, we respect local law but do not obstruct parallel means of association and bargaining and strive to act in the spirit and nature of the UN Global Compact principles. Our whistle-blowing procedure, for example, as well as our regular employee surveys allow employees in those countries to express any concerns.

Forced labor / Child labor

Although, the issues of child and forced labor are not directly material to Allianz, since the nature of financial services is not conducive to such practices, we emphasize that we will not tolerate nor support forced or child labor in our operations by including the Global Compact's ten principles as an annex to our Code of Conduct.

Non-Discrimination

Our long-standing commitment to diversity is reflected in our dedication to providing a workplace free of discrimination. This commitment is monitored and advanced through Allianz' Global Diversity Council, led by Allianz SE Board Member Jay Ralph and comprising 20 senior executives. The Council promotes diversity by developing policies and actions for implementation across Allianz companies. Since 2007, a diversity training program has been in place for employees and managers. Every Allianz company is obliged to provide anti-discrimination training, however the proportion of the employee population for which it is mandatory depends on local legislation. In some countries the training is mandatory for all managers and employees, such as in Germany, whereas in others it applies only to managers, as is the case in France. To date, a total of 61,000 Allianz employees world-wide have gone through our anti-discrimination training.

We have also developed the Allianz Global Diversity Principles and Guidelines which provide a framework to ensure consistency across all diversity procedures and goals. Diversity has been included in our leadership values since 2003 and the issue of non-discrimination is a key element of our globally binding Code of Conduct. The Allianz Group Compliance department and local compliance officers are responsible for monitoring and reporting on the implementation of the Code via annual statements of compliance. 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. There are mechanisms in place to assure effective implementation including clearly defined responsibilities, accountabilities and reporting lines in all divisions and Group companies.

Our Code of Conduct regulates our actions, for example concerning employee behavior. Training is delivered to employees in accordance with the specific human-rights issue, local awareness, and applicable regulations.

For further details on our outcomes, please see the chapter on "Diversity & work-life" in our Sustainable Development Report 2010:

www.allianz.com/Diversity & Work-Life

Suppliers

Our Group is committed to the development of supply chain management that meets globally recognized social and environmental standards, along with other targets such as process efficiency. Allianz pursues to achieve long-term, mutually beneficial partnerships with our suppliers based on fair and honest practices. Our approach in this respect is in line with International Labor Organization standards and the principles of the United Nations Global Compact. In particular, we require our suppliers to respect environmental and social standards in their daily business and to comply with Allianz' minimum Purchasing Principles. Core elements of the Purchasing Principles include:

Labor:

- Guaranteeing that occupational health and safety standards are met
- Paying fair, livable wages
- Keeping working hours within legal limits
- Giving staff adequate training

Human Rights:

- Showing zero tolerance of child labor, forced labor, and discrimination
- Allowing freedom of association (unionization) and collective bargaining, in accordance with national legislation

Environment:

- Minimizing energy consumption, environmental pollution, and the use of natural resources
- Purchasing recycled products

Governance:

- Showing zero tolerance of any kind of discrimination, corruption, bribery, or fraud

In parallel to our Purchasing Principles, the relevant sections of the Allianz Code of Conduct provide clear guidance on how we expect our employees to interact with suppliers. For instance, our Code of Conduct states that we do not tolerate any kind of discrimination, corruption, bribery, or collusion between purchasing staff and suppliers.

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For further details on our outcomes, please see the chapter on "Suppliers" in our Sustainable Development Report 2010:

www.allianz.com/Suppliers

External recognition of Allianz' diversity and HR management

- "Learning Improvement Process" Award for the Allianz Management Institute, our global university
- InnoWard for special educational achievements, awarded to Allianz Germany by the Institute for Professional Apprenticeship for the German Insurance Industry
- "100 Best Human Resources Management Companies", "100 Best Training Companies" and "TOP 50 Work Place" awarded to Allianz China Life by the China Business Journal
- "Investors in People", a national recognition for excellence in employee training, awarded to Euler Hermes in the UK
- "Human Capital Index 2009 for the Financial Service Industry" awarded to our Allianz Life Insurance company in Indonesia, in a leading national contest to determine the most desirable employer
- "2009 Employer of Choice for Women" citation for Allianz Australia from the Equal Opportunity for Women in the Workplace Agency as a public acknowledgment of organizations that support and advance women in the workplace

For further details on our outcomes, please see the chapter on "Employees" in our Sustainable Development Report 2010:

www.allianz.com/Employees

Environment

PRINCIPLE 7

Business should uphold a precautionary approach to environmental challenges

PRINCIPLE 8

Business should undertake initiatives to promote greater environmental responsibility

Our commitment

There has been a dramatic rise in global awareness of climate change and the need to reduce carbon dioxide (CO₂) emissions. As an office-based financial services company, Allianz has a relatively low carbon footprint compared to other industries such as manufacturing or chemical companies. Nonetheless we are acutely aware of our responsibilities towards the environment and society. In view of the disappointing outcome of the Copenhagen Climate Change Conference in 2009, private companies will have to take a more active role in tackling climate change, and Allianz is committed to playing a leading role in this process. In 2008, we established an internal Environmental Management System (EMS) and have resolved to reduce our own carbon emissions by 20% by 2012 compared to 2006 whilst at the same time to monitor and reduce our use of natural resources. We further strengthened our EMS in 2010 by establishing the global function of a Group Environmental Officer.

Systems, activities and outcomes

Internal operations

As part of our commitment to reducing our environmental footprint and in line with the requirements of our Code of Conduct related to environmental protection, Allianz has introduced an Environmental Management System (EMS) to assist in the gathering and controlling of environmental data.

The Allianz EMS is an important management tool that brings us in line with the international standard for environmental management ISO 14001 as well as the European Eco-Management and Audit Scheme (EMAS) and enables us to monitor and control our five major areas of environmental concern:

- Business travel
- Energy consumption
- Paper consumption
- Waste production
- Water consumption

The Allianz EMS currently covers 81% of Allianz' global employee base, compared to 76% in 2008. The system currently covers a total of 37 companies within the whole Group.

EMS Governance: Board-level responsibility for environmental management within Allianz rests with Dr. Paul Achleitner, Allianz SE board member, with operational responsibility for the Allianz Environmental Management System delegated to the Group Environmental Officer, a post newly created in January 2010. In addition to managing the data collection and monitoring processes as part of the Group EMS, the Group Environmental Officer is tasked with further developing the Group's carbon

reduction strategy and steering the carbon reduction activities of Allianz Group companies.

The development and implementation of environmental programs at individual Group companies are the responsibility of the local Board of Management, coordinated by local Environmental Managers. Regular training and knowledge sharing between the Group Environmental Officer and the local Environmental Managers ensure that local entities are up-to-date on the latest environmental management best practices.

The carbon reduction concept

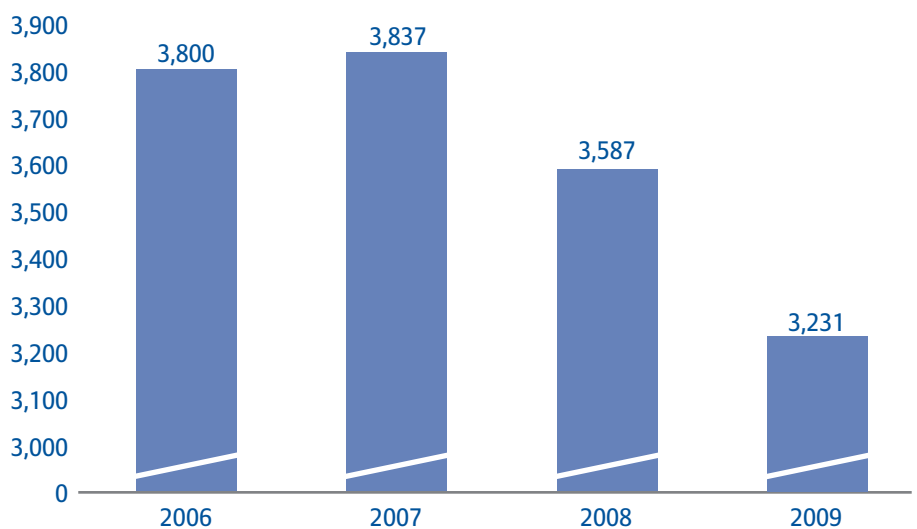
Allianz has publicly committed to a 20% reduction in our greenhouse-gas emissions by 2012, based on 2006 levels. We focus our carbon reduction strategy on the following three levers:

1. Substitution of fossil-fuel energy with alternatives from renewable sources
2. Avoidance of emissions through increased use of communications technologies (for instance, video-conferencing) to avoid unnecessary travel
3. Reduction of emissions caused through the consumption of energy, paper, and water (for example, through the use of power-saving alternatives such as low-energy lighting)

Allianz is dedicated to maintaining the highest standards in environmental management, and we are continually searching for ways to improve internal processes. One of our goals for 2010 is to further align our environmental data collection and controlling processes with the well-established procedures for financial reporting.

Our 15% reduction in CO2 emissions per employee since 2006 shows that we are on the right track towards achieving our 20% target by 2012. Since 99% of our emissions come from energy, travel, and paper, the focus of our carbon-reduction strategy is on these three areas. The data clearly show that we are already making good progress towards our CO2 reduction target – mainly thanks to cutting down on electricity consumption and business travel and the increased use of renewable energy:

CO₂ emission per employee (in kilograms)



Source: Allianz Group Environmental Balance Sheet 2009.

Greenhouse gas emissions (metric tons)

	2009	2008	2007
Scope 1: Direct GHG emissions	53,205	53,900	55,604
Scope 2: Indirect GHG emissions	256,347	282,345	313,002
Scope 3: Other indirect GHG emissions	185,407	220,386	216,427

Source: Allianz Group Environmental Balance Sheet 2009.

For further details on our outcomes please see the chapter on “Ecology” in our Sustainable Development Report 2010:

www.allianz.com/Ecology

Awareness raising on climate change

Allianz contributes to public awareness and understanding of climate change by sharing our know-how and experience as a risk manager, listening to others and cooperating with relevant organizations. What our Group knows about climate change and its implications for the global economy will not only support public policy, but will also help us in gaining valuable insights for our own business strategy and product development.

A key element of our commitment to combating climate change is research conducted in cooperation with academics and specialist international organizations such as the World Wide Fund for Nature (WWF).

In 2009 Allianz and the WWF presented two studies to the press in Berlin and Munich: the Report on Energy and Climate Change in Europe (RECIPE) and the Climate Change Tipping Points.

RECIPE examined four carbon dioxide (CO₂)-intensive sectors of the European economy – power generation, industry (cement and steel), transport, and agriculture – and proposed strategies for future emission reductions. So far, this research has revealed:

- Early action is the only way to mitigate the worst consequences of climate change at reasonable cost.
- Europe will benefit from playing a leading role in initiating action.
- If the costs of climate protection are evenly spread, no part of the world will be overburdened and fund transfers to emerging countries will keep climate protection costs down.
- Climate change can only be mitigated if measures take effect by 2020.

The Climate Change Tipping Points study issued by the WWF and Allianz details the probable consequences of climate change if early action is not taken. The report details twelve tipping-point scenarios that may occur in different regions and ecosystems if the average global temperature exceeds a critical threshold. The scenarios include a reversal of the warm Gulf Stream current, fundamental shifts in water-carrying systems and severe droughts. The report discusses not only the consequences of these scenarios but – just as importantly for Allianz – details the profound implications for the insurance sector.

Both studies can be downloaded here:

www.allianz.com/Studies

Moreover, in 2009 Allianz and the WWF jointly presented the G8 Climate Scorecards 2009, which is an annual analysis of the efforts of the largest industrial nations (G8) in tackling climate change. The report also provides recommendations and concrete actions that political and business leaders should take to set the world on a low carbon economy course.

A download of the study can be found here:

[www.knowledge.allianz.com/G8 Climate Scorecards 2009](http://www.knowledge.allianz.com/G8%20Climate%20Scorecards%202009)

Additional research projects:

Climate-related research promoted by Allianz has resulted in further publications, including:

- **The Value of Carbon in China:** This study looks at the Clean Development Mechanism market in China and proposes how to make this market more effective.
- **Climate Protection for Everybody:** This study commissioned by an initiative known as “2° – Deutsche Unternehmer für Klimaschutz” (2° – German CEOs for Climate Protection) was the first representative, cross-sector investigation into environmentally-friendly buying behavior and the consumption attitudes of consumers.

Cross-sector initiatives: To raise awareness of how urgent the climate change issue is, Allianz is working closely with key opinion leaders in the regulatory, public, and private sectors. We also want to help these three sectors work together effectively in channeling international financial investment towards mitigating and adapting to climate change.

Despite justifiable criticism of what was achieved in Copenhagen, the Climate Conference in December 2009 was another milestone in dealing with this climate change. Although the Copenhagen Accord is not a binding agreement, it does provide a point of entry for private-sector involvement in the United Nations Framework Convention on Climate Change (UNFCCC). Throughout 2010, there are plans for discussions between private financial institutions, private financiers, and governments to advance the development of public-private finance mechanisms. As a member of the Climate Change Working Group of the United Nations Environment Programme Finance Initiative (UNEP FI), Allianz promotes proposals that encourage the financial sector to tackle climate change issues.

For further details on our outcomes please see the chapter on “Climate change” in our Sustainable Development Report 2010:

[www.allianz.com/Climate Change](http://www.allianz.com/Climate%20Change)

PRINCIPLE 9

Business should encourage the development and diffusion of environmental friendly technology

Our commitment

One of the greatest risks facing humankind today is climate change. Its implications for the insurance sector are huge; 40% of industrial insurance claims paid out in recent years resulted from natural and man-made disasters. Allianz not only seeks to mitigate this threat for our insurance customers, we are working to turn this challenge into an opportunity by developing new solutions and products for our clients and investing in new technologies to combat climate change.

Systems, activities and outcomes

If no action is taken, climate change will push up costs in the financial services industry even further. This could mean that we have to compound risks across all our businesses. Allianz has responded by defining its priorities and focus in a Group strategy that addresses all climate change-related risks and opportunities. Allianz created Allianz Climate Solutions GmbH (ACS), the competence center within Allianz and to support the entire Group and our customers with climate-oriented solutions.

We have adopted a comprehensive climate change strategy for the following core areas:

- Management of our carbon footprint from internal processes
- Promotion of a low-carbon economy by providing appropriate products and services
- Contribution to the international debate on carbon research and analysis

Besides working to minimize the carbon footprint of our own business processes, we are preparing our company for the impact climate change will have on our customers and business. We also aim to contribute towards a low-carbon economy by providing appropriate products and services.

Wind energy and solar power play a vital part in reducing carbon dioxide emissions. To support the renewable energy sector, Allianz has invested a share of the Group's assets in wind parks in Germany, Italy and France. These investments not only help combat climate change but are also financially sound in the long term. By end of 2009, Allianz has invested about EUR 760 million in approximately 20 wind and solar parks in France, Germany and Italy that can power about 290,000 households with electricity for a year.

In 2010 Allianz started to diversify this renewable energy portfolio by investing in solar parks across Europe. In the first half of 2010 Allianz acquired six solar parks of up to 1 Megawatt (MW) each. By the end of 2012, Allianz plans to have invested in total EUR 1.5 billion in new wind and solar power projects.

The wind parks acquired by ASIL in 2009 include:

- Mont Gimont (48 MW, France)
- Quitzow (24 MW, Germany)
- Redekin (16 MW, Germany)
- Barbes d'Or (12.5 MW, France)
- Bonneuil (12 MW, France)
- Les Cent Jalois (12 MW, France)
- Jalaville (11 MW, France)

- Joyeuses (10 MW, France)
- Lusanger (8 MW, France)

For further details on our outcomes please see the chapter on “Climate change” in our Sustainable Development Report 2010:
www.allianz.com/Climate Change

Anti-Corruption

PRINCIPLE 10

Business should work against corruption in all its forms, including extortion and bribery

Our commitment

Allianz is committed to full compliance with local and international anti-corruption and anti-bribery laws. As part of this commitment we maintain a global Anti-Corruption Program of which the new Anti-Corruption Policy is a key component.

The long-term success of a company is critically dependent on responsible and transparent leadership. The trust our customers place in us depends to a high degree on their perception of how our company is managed. It is therefore important to Allianz to constantly check and actively develop our existing corporate governance.

With specific regard to corruption Allianz has a clear position: zero tolerance of corruption and any form of bribery. The standards for business conduct are laid out in our Code of Conduct with corruption being one of the key areas. Hence, the Code clearly stipulates in which cases gifts or invitations may be accepted as well as special rules for the granting of gifts or invitations to business partners. The standards for business conduct established in the Allianz Group’s Code of Conduct are the basis for guidelines and principles, and are obligatory for all employees worldwide.

Systems, activities and outcomes

Allianz orients itself towards existing standards for good and responsible company management, such as those laid down in the German Corporate Governance Code. Our Code of Conduct outlines acceptable behavior and our corporate responsibility, acts as a guideline for our employees, and shapes company culture. Our corporate responsibility is also reflected in our remuneration structure and long-term risk management.

Allianz supports and follows internationally and nationally recognized guidelines and standards for rules- and values-based corporate leadership. These include, among others, the German Corporate Governance Code, the United Nations (UN) Global Compact Program, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the recommendations of the Financial Action Task Force on Money Laundering. By recognizing and supporting

these international and national principles, Allianz manages the risk of violating legal and regulatory provisions and requirements (Compliance Risk).

In close cooperation with local compliance departments, Allianz Group Compliance is responsible for ensuring the effective implementation and monitoring of compliance and anti-money laundering programs within Allianz. Representatives of the main insurance regions (for example, Asia Pacific), major flagship companies, and the three main business divisions make up the Compliance Standards Committee. Their main task is the development and implementation of strategic compliance initiatives, projects, and policies relating to compliance activities that impact on the Allianz Group in more than one geographic region or across multiple operating divisions.

Activities and outcomes

Allianz Anti-Corruption Program

In accordance with standards set out in international agreements and covenants such as the OECD Anti-Bribery Convention and the UN Convention Against Corruption Allianz continually reviews and enhances its existing anti-corruption controls. Allianz is committed to full compliance with local and international anti-corruption and anti-bribery laws. As part of this commitment we maintain a global Anti-Corruption Program of which the new Anti-Corruption Policy is a key component.

In July 2009, we launched the Allianz Anti-Corruption Program to further improve the transparency of our controls and where necessary enhance them across the entire Group. The global Allianz Anti-Corruption Program was established in the summer of 2009, which guarantees the continuous monitoring and improvement of internal anti-corruption controls.

A Corruption Risk Assessment has to be conducted as part of Allianz Anti-Corruption Program, which covers all business lines and regions.

One of the major components of Allianz' Anti-Corruption Program is the Anti-Corruption Policy, which sets out the Allianz Group's Minimum Anti-corruption and Anti-bribery Standards and applies consistently across the entire Group. Appropriate parts also apply to representatives, joint ventures, and outsourcing partners (as defined in the Policy).

The Policy serves as an outline of the Allianz Group's existing controls and behavioral guidelines on the following risk areas:

- Dealing with government officials
- Business courtesies
- Hiring representatives (for example, tied agents)
- Political contributions on behalf of Allianz
- Joint ventures and outsourcing agreements
- Facilitation payments

The essentials of this Policy are incorporated into our day-to-day business through implementation of several anti-corruption tools and controls.

We use various tools to foster a compliance culture. By presenting topics in an innovative way, we strive to engage the hearts and minds of our managers and employees. We are in the process of implementing an online Group-wide Anti-Corruption Training with roll out to begin in our Asian and European subsidiaries by the end of 2010. This training will initially focus on and be compulsory for Top Management and, in 2011, a modified version, which is currently under development, will target all employees. The training will inform employees about the main anti-corruption and anti-bribery rules and the essentials of the Anti-Corruption Policy.

For further details on our outcomes please see the chapter on “Corporate conduct and compliance” in our Sustainable Development Report 2010:
www.allianz.com/Corporate Conduct and Compliance

Contributions to political parties

Allianz SE’s contributions are directed at political parties which represent a variety of views within the German political spectrum. This includes the Greens (Bündnis 90/Die Grünen), Christian Democrats (CDU), Christian Social Union (CSU), Liberals (FDP), and Social Democrats (SPD), each of whom receives an equal amount of EUR 50,001 annually. The amount is specifically chosen so as to require that it be published in the official publication of the German Parliament, thus assuring complete transparency. In addition, the junior organizations of these parties receive a further EUR 10,000 each. Some parties consolidate these amounts and report a sum of EUR 60,001.

For further details on our outcomes please see the chapter on “Government relations” in our Sustainable Development Report 2010:
www.allianz.com/Government Relations

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References and further information

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