

United Nations Global Compact Communication on Progress 2013

Allianz became a signatory to the United Nations Global Compact in 2002 and is still committed to upholding the Ten Principles. Our Sustainability Report serves as Communication on Progress (CoP) in implementing the Principles. This document refers and links to the relevant chapters of our 2013 Sustainability Report as well as to additional information in our Annual Report and GRI (G3.1) Index.



Statement of continuing support



Michael Diekmann,
Chairman of the
Board of Management,
Allianz Group

Long-term responsibility is our business

The financial sector is caught up in a crossfire of criticism. The industry – and its stakeholders – have to take these critical voices seriously. This attention, however, also presents opportunities. After all, the market has developed a greater awareness for possible misconduct, in addition to true customer focus, sustainable product solutions, good corporate governance and, ultimately business success. For any company seeking to differentiate itself from the competition, there is no better time than the present.

Our stakeholders play a key role in this process and maintaining dialogue with them is very important to us. In 2013, we surveyed almost half a million customers worldwide. Their trust in, and loyalty to Allianz is being enhanced by transparency, needs-driven advice and providing real solutions to their problems. In line with this trend, our global employee survey revealed an increasing focus on customer satisfaction and integrity – two values that helped us manage the effects of the financial crisis for our customers well. At the Annual General Meeting, our shareholders also showed their appreciation for this success in the difficult environment of the financial crisis.

Our positive performance was also recognized by the Dow Jones Sustainability Index, which named us the most sustainable company in our sector. Transparency International also named Allianz as the most transparent insurer in the world.

Upcoming challenges

The resilience of our business model and the security we were able to offer our customers were key ingredients in our success in 2013. Due to the long-term nature of our business, we also take care of the challenges that are relevant to our customers in the future:

Climate

The most recent report published by the Intergovernmental Panel on Climate Change (IPCC) shows that we only have a few years left to halt global warming. The International Energy Agency (IEA) estimates the necessary investments in the energy transition at 500 billion U.S. Dollars per year. As an investor, Allianz's capacity can extend to well beyond our 42 wind farms and 7 solar farms if the regulatory framework allows. We are also aiming to establish ourselves as a leading "green insurer". Allianz currently offers more than 150 Green Solutions worldwide. Thanks to successful reductions in our carbon emissions and offsetting through forest and climate protection projects in Kenya, Indonesia and India, Allianz has been operating on a carbon-neutral basis since 2012.

Demographics

After the challenges of global warming, demographic change is waiting to be tackled. In Germany, the ratio of over-65s to people in the 20-64 age group will have doubled by 2060. The picture is a similar one in other European countries like Italy, but also further afield in places like Japan. We are looking for answers to these problems at the Berlin Demography Forum. In 2013, we introduced new life insurance models that offer good returns even in a low-interest rate environment. And, provided the political will is there, as a long-term investor we can ramp up our involvement in major energy transformation and infrastructure projects, using the stable returns generated from these investments to strengthen retirement provision. Society would benefit two-fold if such solutions to climate protection and demographic concerns were combined.

Access to financial products

Two billion people across the globe have no access to financial products. They are unable to protect either themselves or their children from the consequences of natural catastrophes, accidents or ill health. The majority of them eke out a living in agriculture, with only one bad harvest enough to endanger their very existence. Insurance policies for premiums costing cents, not euros, are one solution to this problem – with more than 24 million customers in eleven countries across Asia, Africa and South America, Allianz is a leading microinsurer. As a reinsurer we also protect more than 100 million small-holder farmers in India and China. What is more, innovative technology such as satellite-based rice field analysis, will allow us to offer crop insurance to rice farmers across the board in the future and, in doing so, to make another effective contribution to food security.

Data security

While digitalization promises to make things more convenient and transparent for our customers, it also poses a challenge as far as the security of their data is concerned. Allianz is investing half a billion euros to consolidate the data on its customers and employees in data centers; two each in Europe, the US and Asia. But data protection is more than a purely technical matter. We are also working on internal processes and are training our employees to ensure they know how to handle data with the required degree of care.

ESG – sustainability is risk management

Allianz is also on the receiving end of attention from non-governmental organizations. As a major insurer and asset manager, we have business relationships with a large number of companies worldwide. Critics of these companies are increasingly turning to us. We take these concerns seriously and we therefore engage with our business partners and leverage our most important competency: risk management.

Breaches of environmental and social standards often go hand-in-hand with risks that cost companies higher premiums for their insurance or limit the returns associated with an investment. We want to work with our customers to identify and reduce these risks to our mutual benefit. While this dialogue is a time-consuming process for both sides, it paves the way for truly sustainable developments.

In late 2012, our Environmental, Social and Governance Board (ESG Board) started working together with NGOs and other experts to define the sensitive areas in our business environment and develop guidelines for our business. For each of these 13 sectors, which are presented for the first time in this Report, we look into environmental risks associated with technologies, at how the concerns of local people are being taken into account, and whether good corporate governance and the political framework allow these risks to be managed responsibly. In this way, we are also supporting the Principles for Responsible Investments (PRI) and the Principles for Sustainable Insurance (PSI), to which Allianz is a signatory.

We want to see more sustainability across the board, meaning that there are no sectors or industries that we wish to rule out entirely. All of us use commodities and energy, allow weapons to be used to ensure peace and consume low-cost products manufactured in countries that still fall short of our own environmental and social standards. Our mission is to help our customers to change this. And to ensure that our efforts to do so continue to bear the hallmarks of transparency and honesty.

Continued commitment

Our ongoing commitment to the UN Global Compact's Ten Principles on human and labor rights, the environment and anti-corruption is reflected in our progress against our targets. We are committed to further advance the Ten Principles within our spheres of influence.



Michael Diekmann,
Chairman of the Board of Management, Allianz Group

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

 [Links to the respective page in the Internet](#)

Sustainable Development Report 2013

 Managing Sustainability	Our ESG Approach
 Managing Sustainability	Employee Rights
 Managing Sustainability	Suppliers and business partners
 Our Performance	Ethics > Compliance
 Our Performance	Business > Own investments
 Our Performance	Business > Underwriting
 GRI Index	Social / Human Rights (HR 1-11)

Annual Report 2013

 [Remuneration Report](#)

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

 [Links to the respective page in the Internet](#)

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 Managing Sustainability	Employee Rights
 Managing Sustainability	Diversity
 Managing Sustainability	Suppliers & Business Partners
 Our Performance	People > Diversity and equal opportunity
 GRI index	Social (HR 1-11, LA 2-4)

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 [Remuneration Report](#)

Environment

- Principle 7** Business should support a precautionary approach to environmental challenges
- Principle 8** Business should undertake initiatives to promote greater environmental responsibility
- Principle 9** Business should encourage the development and diffusion of environmentally friendly technology

 Links to the respective page in the Internet

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|  Our Approach | Climate Change Strategy |
|  Managing Sustainability | Environmental Management |
|  Managing Sustainability | Our ESG Approach |
|  Managing Sustainability | Sustainability in own investments |
|  Managing Sustainability | Sustainability in 3rd party asset management |
|  Managing Sustainability | Sustainability in insurance |
|  Managing Sustainability | Suppliers & Business Partners |
|  Our Approach | Stakeholder engagement |
|  Our Performance | Environment > Carbon footprint |
|  Our Performance | Environment > Key environmental figures |
|  Our Performance | Economic > Green products and services |
|  Our Performance | Economic > Proprietary investments |
|  Our Performance | Economic > 3rd party asset management |
|  Our Performance | Economic > Underwriting |
|  GRI Index | Environment (EN 1-30) |

Anti-Corruption

Principle 10 Business should work against corruption in all its forms, including extortion and bribery

 [Links to the respective page in the Internet](#)

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|  Managing Sustainability | Political Engagement |
|  Our Performance | Ethics > Compliance |
|  Our Performance | Ethics > Political Engagement |

Annual Report 2013

-  [Corporate Governance Report](#)

References and further information

-  [Allianz Sustainability Report 2013](#)
-  [Allianz GRI \(G3.1\) Index Profile 2013](#)
-  [Allianz Group Annual Report 2013](#)

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