

Status Report 2005

Sustainability in the Allianz Group

Allianz Group

“AS A FINANCIAL SERVICES PROVIDER, WE CANNOT REGARD SUSTAINABILITY AND COMPETITIVENESS AS SEPARATE ENTITIES. THIS IS THE ONLY APPROACH THAT WILL ALLOW US TO MANAGE CHANGE IN SOCIETY AND THE NECESSARY REFORMS IN A WAY THAT IS APPROPRIATE FOR THE FUTURE.”

Michael Diekmann,
Chairman of the Allianz Group, 2005

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As of July 1, 2005

Sustainability Strategy and Management

The new Group Risk Policy and the recently adopted Code of Conduct represent key advances in implementing the sustainability strategy in the core business. The two tools are crucial factors in disseminating the comprehensive responsibility described in the sustainability principles of Allianz throughout the Group.

In the year 2000, Allianz stated that its own aim was to be “an important engine of sustainable development” in the international context. The company can only meet this challenge if it anchors aspects of sustainability within core business. This also means applying the lever where it is most effective, in other words in corporate policy and corporate culture. That’s why it’s extremely important that the key guidelines and principles reflect the conviction of Allianz that responsible actions are the only way of achieving success over the long term.

SUSTAINABILITY MANAGEMENT: ORIGINATING EFFECTIVE TOOLS

Regarded in this light, the Allianz Group has now set key milestones on the route to sustainable development. The new Group Risk Policy anchors the sustainability perspective in risk management and this will shape the development of new products in the future. It will also determine the direction of business strategy in relation to future markets. In parallel, the new version of the “Code of Conduct for Business Ethics and Compliance”, which was adopted in mid-2005, will contribute to a culture of conduct directed toward sustainability within the Allianz Group. The 22 points defined in the Code are intended for members of staff and present a minimum standard for all Allianz Group companies.

GROUP RISK POLICY: NEW ASPECTS OF RISK DEFINED

The new risk aspects in the Group Risk Policy are the result of the Board Project entitled “Risk Screening in Underwriting” concluded in 2004. The project was started in July 2003 and involved the member of the Board Group responsible for Controlling, Accounting, Taxes, and Compliance looking at how and whether Underwriting (risk assessment and assumption) took Allianz sustainability aspects into account. Representatives from the biggest international Group companies were involved in this project (AGF, RAS, Allianz Cornhill).

The project team came to the conclusion that in future sustainability aspects had to be implemented more uniformly and above all more systematically across the Group in the interest of long-term corporate success. The future also needs to see stronger focus on emerging risk drivers and reputational risks. In particular, emerging risks entail considerable hazard potential for insurance business. However, they are frequently identified too late, because risk assessment is generally based on data referring to the past.

Risk management at the Allianz Group under the management of the Chief Risk Officer therefore used the review of the Group Risk Policy carried out in autumn 2004 to follow these recommendations and introduce new risk aspects. The area of emerging risks comprises risk drivers resulting from technological developments, growing environmental problems, or social inequalities that could endanger future business success. The category of reputational risks includes loss of image arising as a consequence of misconduct in the management and in social and ecological problem areas. The newly formulated Risk Policy additionally defines a three-stage initiative for assessing risks by drawing a distinction between quantifiable, assessable and non-quantifiable risks. This policy has now been recognized by all Group companies.

EARLY IDENTIFICATION: COOPERATION INTENSIFIED

A Trend Assessment Committee was set up in the holding company and has already been addressing future trends and emerging risks since 2002. In close cooperation with British management consultancy company Oxford Analytica, this committee has been analyzing critical trends and reports at regular intervals to the Board of Management. The Board is also provided with important background information that may, for example, play a key role in investment decisions.

Allianz is increasingly also taking advantage of the dialog with external interest groups in order to expand its perspective and look at developments from a different viewpoint. In January 2005, staff from different business areas such as underwriting, banking, and export-credit insurance met with representatives of non-governmental organizations (NGO), including Germanwatch, Transparency International and WWF International, in order to discuss emerging risks and reputational risks. Representatives from the German Society for Technical Cooperation (GTZ) and the Organization for Economic Cooperation and Development (OECD) were also involved. The result of the jointly implemented dialog forum was a concrete list of subjects that were of interest to the various stakeholders and also for Allianz, and will be addressed with joint projects in the future.

This has already been initiated with an action plan drawn up by Allianz and WWF International, which sets out the risks and opportunities presented by climate change for the financial services industry. Allianz is now implementing this action plan in stages. Systematic examination of climate risks will be undertaken in the future by a core group on climate change which will consist of representatives from all business areas.

► www.allianz.com/group/sustainability/studies/climate

In conjunction with the OECD, Allianz drew up a risk report on nanotechnology. The report on the one hand demonstrates the enormous commercial potential of this technology, while on the other hand highlighting the potential risks, in particular in the area of liability. Allianz is therefore recommending as a matter of urgency that existing gaps in knowledge on this new technology should be closed by overarching risk management.

► www.allianz.com/group/sustainability/studies/nanotech

CODE OF CONDUCT: PRINCIPLES OF THE GLOBAL COMPACT TAKEN INTO ACCOUNT

New transparency requirements such as those enshrined in the US American Sarbanes Oxley Act provided the initiative for drawing up the Allianz Code of Conduct for Business Ethics and Compliance. The preamble of the Code adopted at the start of 2005 also refers to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. It is considered a minimum standard for all Allianz Group companies and lays down the “honest and compliant management of business activities” as the central principle:

(1) Employees must comply with all laws and regulations applicable within their working environment for the countries where the Allianz Group is active. This also includes internal procedures and guidelines communicated to them.

(2) Employees must conduct themselves honestly and fairly, and with propriety and integrity. They must also prevent any conflict between private and business interests. They should additionally ensure that they do not compromise the good reputation of the Allianz Group in their private life.

On this basis, the Code of Conduct makes concrete statements on non-discrimination and diversity, data protection, dealing with journalists, customers and business partners, and also lays down regulations relating to anticorruption and bribery, donations and sponsoring, environment and prevention of money laundering. It prohibits insider trading and recommendations, and emphasizes the importance of transparency in all areas of business. In order to promote the disclosure of material facts, the Code of Conduct offers protection to all employees who disclose deficits and instances of misconduct and report these to Group Compliance. Group Compliance then decides on any action that needs to be taken. The principles of the Global Compact (> www.unglobalcompact.org) ratified by Allianz in 2002 are listed explicitly in the Appendix of the Code of Conduct.

► www.allianz.com/group/sustainability/social_issues

SUSTAINABLE INVESTMENT: COMPETENCE EXPANDED

The company is so far unable to make any definite statements on the long-term correlation of financial performance with sustainability performance of companies. In the light of the collapse of the “new economy” and devastating financial scandals such as those at Enron and Parmalat, it is essential to identify secure financial strategies for the long term and develop an appropriate range of products. There is particular demand for alternatives to pension schemes or private pension insurance policies that have to generate secure yields over a period of many years. The increased growth rates for socially and ecologically responsible investments provide concrete evidence that sustainability is increasingly finding acceptance as a selection criterion for investment management in the German-speaking world – growth at 25 percent in 2004 was higher than ever before.

Allianz is carrying out a number of activities with the aim of gathering experience in what is still a new market. For some years now, a dedicated team from RCM (Great Britain) – a subsidiary of Allianz Global Investors (AGI) – has been carrying out research into the features of this market and developing products in the area of sustainable investments. When it comes to assessing investment options oriented toward sustainability, it operates on the basis of the Grassroots Research Network set up in 1982. This network is made up of some 300 external specialists with diverse corporate contacts.

Meanwhile, Allianz and its subsidiary companies DIT and AGF Asset Management offer a total of three mutual funds managed on the basis of ecological and ethical aspects. They have a total investment volume in excess of 200 million euros. If the sustainability funds managed for institutional investors and purely ethical investments are included, the “sustainable” investment volume of the Allianz Group amounts to more than 3.8 billion euros. This also includes pension funds, initiated or managed by Allianz Leben, RAS and the Austrian BAWAG employee provision scheme.

FINANCE INITIATIVES ORIENTED TOWARD SUSTAINABILITY: PARTICIPATION STRENGTHENED

The classic investment houses are increasingly reaching the conclusion that an analysis of the corporate approach to ecological and social criteria should constitute a key component of risk assessment. The initiative “Who Cares Wins” presented in June 2004 at the Global Compact Leaders Summit in New York was an important step in this direction: 20 major banking and investment institutions – including member of the Allianz Group RCM – reinforced their commitment to placing more emphasis on environmental, social and governance criteria when making future investment decisions.

Allianz companies have been involved in a number of forums promoting sustainable investments for a number of years now. RCM is a member of the British “UK Social Investment Forum”, AGI is participating in the German “Forum for Sustainable Investments”, and RAS is represented in the Italian “Forum per la Finanza Sostenibile”.

ANALYSIS AND RESEARCH: PROMOTION OF EMPHASIS ON SUSTAINABILITY

Leading European investors that place emphasis on good “Extra Financial Research” and hence on inclusion of sustainability aspects combined to form the “Enhanced Analytics Initiative” in 2004 (EAI > www.enhanced-analytics.com). They give brokers delivering good information on long-term corporate value at least five percent of their commissions on transactions that are initiated on this basis. Allianz has two companies represented on the EAI: AGF Asset Management (France) and RCM (Great Britain).

At the start of the year, the EAI gave awards to seven banks for their outstanding research taking into account long-term factors, including member of the Allianz Group Dresdner Kleinwort Wasserstein. This company regularly prepares reports on the subject of sustainable investments and offers workshops on new issues related to risk.

OWN INVESTMENTS: SUSTAINABILITY SCREENING CONCLUDED

The project “Sustainability Screening of own Financial Investments” was already concluded in summer 2004. The study revealed that 67 percent of in-house investments (equities with a total volume of 37.9 billion euros) were already invested in companies that are included in at least one of the important sustainability indexes. Actually, this comes as no surprise:

Sustainability at the Allianz Group		
1995	2000	2001
Launch of environmental management at Allianz Germany	Resolution on sustainability strategy ISO 14001 certification Dresdner Bank	Establishment of the international Sustainability Strategy Team Extension of environmental management to AGF, RAS, Cornhill Listing in the Dow Jones Sustainability Index

stable investment has always been the primary goal of Allianz investors. That's why they prefer to invest in blue chips, i.e. in common stock in world-class companies where an approach that is ecologically and socially responsible is already an integral and proven element of good management quality. The analysis also recommends continuing to monitor the development of in-house investments and to evaluate the links between sustainability performance and financial performance more systematically in future.

SUSTAINABILITY MANAGEMENT: EXPANDED FURTHER

Introducing an Internet-based reporting tool for the Allianz Group represents a key stage in systematizing sustainability management. This tool will enable Allianz companies to record their ecological, social and personnel related performance in qualitative and quantitative terms and report this to the holding company. It will simplify the sustainability reporting of the Group in the future, while at the same time moving it forward.

As announced in the 2004 Status Report, Allianz has extended the remit of its environmental management. Alongside Allianz AG, environmental management now includes the companies Dresdner Bank and Euler Hermes (both Germany), AGF (France), RAS (Italy) and Cornhill (Great Britain), as well as the US-American company Fireman's Fund. However, environmental management still comprises around 61 percent of the global workforce. The inclusion of Fireman's Fund is virtually entirely compensated by a decline in the level of personnel across the Group amounting to around 11,000 fewer jobs – mainly at Dresdner Bank (Germany) and at AGF (France).

STAKEHOLDER SURVEY: EXPECTATIONS RELATING TO ALLIANZ RECORDED

Alongside customers and investors, other stakeholders in the form of interest groups from the business environment of Allianz are exerting a growing influence on the room for maneuver and issues of reputation. Allianz carried out a survey of German politicians, international business journalists and company CEOs, representatives of leading business institutes, international NGOs and the communication managers at Allianz companies between January and March 2005, with the aim of obtaining a clear impression of their expectations. The feedback obtained amounted to 80 completed questionnaires.

The evaluation demonstrates that there are very specific expectations as far as Allianz is concerned. In particular, the respondents to the survey expect Allianz to address the issue of demographic change. High expectations are also placed in Allianz when it comes to the stability of capital markets and the economic development in Germany and Europe.

OUTLOOK: DEMOGRAPHIC CHANGE AS A KEY CHALLENGE

Demographic change presents the social policy of Allianz with great challenges. Allianz commissioned an initial study into the effects of demographic change on capital markets from the Center for European Business Research (ZEW), and presented it in autumn 2004. Other analyses are already at the planning stage.

2002	2004	2005
Accession to the Global Compact	Integration of sustainability in Group Risk Policy	Integration of sustainability in the new Code of Conduct
Launch of sustainability reporting in the Internet	Inclusion of Fireman's Fund in environmental management	Accession to the Climate Group
Inclusion of EULER Hermes in environmental management	Internal workshop on reputational risks	Stakeholder forum
		Study with the OECD on nanotechnology
		Study with WWF on climate change

Current rating results

Inclusion in a sustainability index or a fund based on ethical and ecological principles has developed into an important indicator for the sustainability performance of a company. This is because companies are only included if they subject themselves to analysis on the basis of concrete criteria and if they meet these criteria verifiably.

Since September 20, 2004, the Allianz Group has had three companies in the global Dow Jones Sustainability Group Index (DJSGI > www.djsgi.com): Allianz AG and Allianz companies AGF and RAS number among the most sustainable companies in the sector. Allianz AG is ranked number two in the DJSGI behind Swiss reinsurance company Swiss Re and is therefore globally the leading direct insurer as far as sustainability is concerned.



ing 65 percent of the maximum number of possible points and was significantly above the sector average in all three dimensions of Economy, Ecology and Social Issues. AGF achieved 63 percent and RAS 53 percent of the total number of points achievable. The SAM Rating is primarily geared toward giving investors oriented to stability important indicators for their investment strategy.

SUSTAINABILITY FUNDS: INVESTING IN ALLIANZ

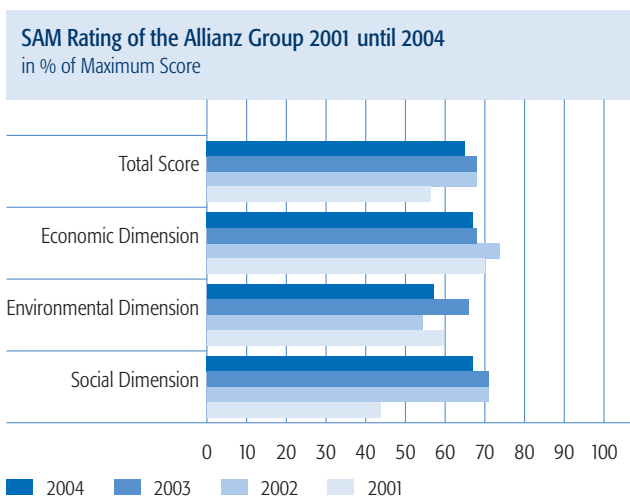
A study of the 116 sustainability funds licensed in the German-speaking markets has shown that Allianz is popular with investors oriented toward sustainability. In 2004, more than 40 of these funds invested in Allianz. A study carried out by the Sustainable Business Institute at the European Business School (ebs), Oestrich-Winkel, revealed that Allianz is the third most popular Dax company with these funds. The company even numbers among the top-ten investments for eight of these funds.

EVALUATION BY SAM: SECOND PLACE IN THE SECTOR ACHIEVED

The annual evaluation for the DJSGI is carried out by the Sustainable Asset Management Group (SAM > www.sam-group.com) in Zurich, which carries out extensive research and analyzes information related to sustainability from several thousand companies. The Rating 2005 saw Allianz AG achiev-

FINANCIAL MARKET: TRANSPARENCY GENERATED

Ratings, studies and background analyses all play a role in making what remains an opaque market in sustainable investments more transparent and predictable for investors – an important prerequisite for promoting sustainable investment. Since this is also in the interests of Allianz, it has entered into a partnership for an Internet platform which is regarded as the leading portal for sustainable investment in the German-speaking markets (> www.nachhaltiges-investment.org). Companies, investors, fund managers, ratings agencies and journalists are able to obtain detailed information about the portfolio of sustainability funds and indexes. They are also able to access relevant background information. Allianz publishes a list there that shows which environmental and sustainability funds from the German-speaking world have invested in the company.



Sustainability in the Allianz Group

The Allianz Group adopted a sustainability strategy in the year 2000 and defined areas requiring action. These are based on the triple-bottom line and remain valid today. As far as the Allianz Group is concerned, sustainability involves securing economic success while taking account of the ecological and social interests of the future.

ECONOMIC DEVELOPMENT

Like few other sectors of industry, financial services providers, in particular insurance companies, have to be experts at thinking over the long term and taking action geared to the long term. After all, they are selling their customers promises of long-term benefits. As integrated financial service providers with insurance, investment and provision products, Allianz is therefore geared toward sustainable development strategies. It takes ecological and social risks into account and pursues countermeasures as far as possible.

Risk management: Risk management plays a key role in all divisions of the Allianz Group from life insurance to asset management. It identifies and evaluates the risks to which the companies of the Allianz Group are exposed. The Group Risk Policy was recently revised in such a way that in future, sustainability aspects will be systematically integrated with risk analysis.

Knowledge management: The most valuable resource of a company is the employees and their know-how. Knowledge management is therefore an important task within the Allianz Group with more than 160,000 employees worldwide.

Customer orientation: The service program in existence since 1997 has played a significant role in making the customer the central focus of all activities. Since then, the same standards for dealing with customers have applied to all employees in the Allianz Group. A customer barometer is used to measure the level of customer satisfaction on a regular basis. In order to ascertain reasons for policy cancellations, the company has been carrying out customer surveys since 2004.

Products geared to sustainability: On the basis of its experience, the Allianz Group is able to provide industrial customers in particular with optimum advice on minimizing risks and hence make a positive contribution to their sustainable development. Allianz Global Investors (AGI) and French subsidiary AGF offer investments selected on the basis of sustainability criteria to private individuals and institutional investors. Their share in the total managed investment volume for third-party customers is currently around 0.34 percent.

ECOLOGICAL RESPONSIBILITY

At first glance, the environmental effects of a financial services provider would appear to be negligible. The fact that the high number of personnel is always associated with a substantial requirement for water, energy and materials is only obvious at second glance. Allianz addressed this issue early on and has been involved in drawing up an ecobalance since 1995. Allianz continues to believe that recording in-house material and energy flows forms an important basis for implementing the principles within its own business that Allianz expects from others in the interests of sustainable development: environmentally friendly approach to resources while simultaneously minimizing emissions.

Environmental management: In Germany, the big Allianz companies have an environmental management system that complies with the requirements of the ISO 14001 international standard and the European Eco Management & Audit Scheme (EMAS). Dresdner Bank has received certification on the basis of ISO 14001 requirements. The companies in Great Britain, France, Italy and the USA have been integrated within Allianz environmental management since 2003, although their systems have very diverse levels of maturity. Recording operational environment data is the minimum requirement and currently comprises 61 percent of the global workforce.

Facility management: Alongside business travel undertaken by employees, buildings are responsible for high levels of energy consumption. When new administrative buildings are constructed, the company is therefore extremely concerned to address ecological and building-biological aspects.

Mobility management: Revising the 1999 guidelines for travel-cost accounting has resulted in a continuous increase in the proportion of rail travel and hence compensates at least partly for the increase in international air travel resulting from the increasingly international nature of the Group.

Emissions: The Allianz Group has been successful in reducing its CO₂ emissions over the years. While direct and indirect CO₂ emissions were still around 5,100 kilograms for each employee in 1996, this amount was gradually reduced to 3,612 kilograms in 2003, only to increase slightly to 3,990 kilograms in 2004.

Procurement: The German Allianz companies introduced a guideline for environmental procurement in 2002. The companies AGF (France) and RAS (Italy) followed suit and also included social aspects. Binding introduction of the human rights criterion into the procurement guidelines across the Group is currently under discussion.

SOCIAL ASPECTS

Social aspects at the Allianz Group include its responsibility for employees and its commitment to the social and regional environment in which it is operating. The offer of well-paid jobs and career development constitutes an important contribution to a globally sustainable development. You will find more on social responsibility at the Allianz Group under

► www.allianz.com/group/responsibility

Human Resources Strategy: A high reputation as an employer is an essential prerequisite for recruiting and retaining suitable employees. The performance and management culture at the Allianz Group plays a key role here. It is reflected in the leadership values adopted in 2003.

Training and development: Training is regarded as an important element of personnel management in the Allianz Group and as a significant contribution to social development. All Allianz companies have schemes designed to impart the required knowledge to young people. Most Group companies also offer their employees a range of differentiated development programs. The Allianz Management Institute implements career development for managers.

Employee responsibility and diversity: At a time of rapid change, the Allianz Group wants to be a reliable and fair partner to its employees. The Code of Conduct adopted in mid-2005 clearly outlines the parameters of this corporate culture.

Financial benefits: Remuneration based on performance and results at the Allianz Group is founded on management through individual target agreements. In 2003, this tool was linked more closely with value-oriented corporate management and planning. Company pension provision is a key additional element in the personnel and social strategy.

Note: You can access the latest examples outlining implementation of these principles in the Allianz companies in the Internet:

► www.allianz.com/group/sustainability

Indicators of sustainable development

Financial and social data were being collected across the world during the entire period between 2001 and 2004. For environmental data, this has only been the case since 2002. The data is recorded in conformity with the system of indicators defined by the Association for Environmental Management in Banks, Savings Banks and Insurance Companies (VfU), based on the guidelines drawn up by the Global Reporting Initiative (GRI).

The decline in the number of employees continued over the course of last year. This is primarily due to the restructuring and realignment of Dresdner Bank in Germany and AGF in France. It was inevitably associated with adjusting the training centers to the medium-term requirement. While the training services for each employee continued to fall, the proportion of women in middle and senior management continued to increase.

The Allianz Group succeeded in improving its achievements for corporate environmental protection in virtually all areas compared with 2003. However, the Group failed to bring about improvements relating to business travel. The rise in the number of kilometers traveled by each employee resulted in correspondingly higher levels of CO₂ emissions.

Indicators of the Allianz Group	2001	2002	2003	2004
Economic Development				
Gross premium income (billion euros)	75.1	82.7	85.0	88.1
Earnings before tax (million euros)	1,768	-1,633	2,861	5,183
Net income (million euros)	1,585	-1,496	1,890	2,199
Return on equity after tax (%)	4.7	-5.6	7.5	7.4
Earnings per share (euros)	5.71	-5.40	5.59	6.01
Social Issues				
Employees (number)	179,946	181,651	173,750	162,180
Employees undergoing training (number)	8,245	7,589	6,063	4,906
Average participation of employees in development measures (days)	5.2	6.7	4.9	4.3
Fluctuation rate (%)	12.4	12.8	13.3	13.0
Proportion of women in middle and senior management (%)	22.5	24.5	25.2	26.2
Environmental Performance	(only Germany)			
Percentage of employees subject to environmental management (% of employees)	11.9	53	61	61
Energy consumption (MJ/employee/year)	27,119	27,706	29,171	30,296
Business travel (km/employee/year)	4,778	2,925	2,832	3,356
Direct and indirect CO ₂ emissions (kg/employee/year)	4,988	3,639	3,612	3,990
Water consumption (liters/employee/year)	13,349	15,401	15,178	14,243
Paper consumption (kg/employee/year)	665	302	241	199
Amount of waste (kg/employee/year)	246	258	333	299

Other highlights 2004/2005

Living up to responsibility – this is the mission the Allianz Group has set itself. Activities during the years 2004 and 2005 show that the company takes this seriously. And they prove that sustainability is already firmly anchored in many aspects of core business.

PROJECT FOR REALIZING SUSTAINABILITY FACTORS

Since others can learn from successful role models and experiences of a Group company, the wide diversity of initiatives for sustainable business within the Allianz Group will be networked better in the future. The Allianz Group is developing new options and services within the framework of the “Sustainability” project – based on best-practice examples for processes, products and service. This project on “sustainable communication of knowledge” was instigated and sponsored by Allianz Board Chairman Michael Diekmann and Allianz Board Member Helmut Perlet.

During phase one, two project teams started off by addressing issues from property and life insurance. Further teams were put together to address other issues: Under the leadership of French Board Chairman Jean Philippe Thierry (AGF) and Italian Board Chairman Enrico Cucchiani (Lloyd Adriatico, for property insurance), data are being systematically analyzed, model approaches are being gathered and joint binding targets are being set for best practice.

The project is naturally primarily intended to contribute to the productivity of Sales by stimulating companies that have already successfully invested in customer-relationship management or customer satisfaction programs to share their experiences. Alternatively the project presents the opportunity for Group-wide studies with a view to reducing costs.

This project also emphasizes the diversity and international cooperation within the Allianz Group. The teams of experts are international and the other participants are recruited from different hierarchical levels and from different countries, including Australia, America, Germany, France, Italy, Switzerland, Spain and Turkey. The first stage involves the issues being structured on the basis of the timeframe for realization and the contribution to value. Analysis of business workflows and data has also been commenced at this stage. Selected pilot companies will then exploit these results in a subsequent test phase. If the test phase is successful, other Group companies will then be included.

ACCESSION TO THE CLIMATE GROUP

In 2004, the Allianz Group joined the Climate Group (> www.theclimategroup.de) in the course of its climate protection activities. This international organization is comprised of companies and non-governmental organizations, as well as local communities and government representatives. The joint goal is to reduce greenhouse-gas emissions consistently through the continual exchange of knowledge and experience.

In the context of this initiative, Allianz Subsidiary Dresdner Bank has made a commitment to a 28 percent reduction in CO₂ emissions by 2008 measured against the baseline of 1990. With this aim in mind, the bank will be trading intensively in European emission certificates, and it will also be marketing innovative products in the area of climate protection. For example, Dresdner Bank has been financing projects involving the development of low-emission technologies.

MICRO-INSURANCE FOR EMERGING MARKETS AND DEVELOPING COUNTRIES.

After the successful introduction of micro-insurance life policies by Allianz Bajaj Life Insurance in India, Allianz is now looking at the potential for this product in Asia, together with the United Nations Environment Program (UNEP) and the German Society for Technical Cooperation (GTZ). Werner Zedelius, Allianz Board Member for Growth Markets, and Heinz Dollberg, responsible for Asia Pacific at the Munich Head Office, also agreed a strategic joint venture with the two organizations in autumn 2004. The aim of this Public Private Partnership is to determine the demand for micro-insurance in India, Indonesia and Laos. The results will then be implemented in pilot projects. Micro-insurance represents an important contribution to the economic development of these countries, and efficient processing and group contracts allow them to be structured cost-effectively. This initiative allows Allianz to open up a potential mass market over the medium term.

AGF INVESTS IN THE REDUCTION OF GREENHOUSE-GAS EMISSIONS

French Allianz company AGF has invested ten million euros in Fonds Carbone Européen, an investment fund of Caisse des Dépôts (leading administrator of French savings deposits and retirement savings funds, and of private funds protected under French law). It has specialized in projects to reduce CO₂ emission and proposes to create a capital base of 100 million euros. In line with its sustainability strategy, AGF would like to use this approach to finance innovative projects that contribute to reducing the amount of greenhouse gases in the atmosphere and put a brake on global warming.

BEST PROVIDER OF HEALTH INSURANCE

Allianz Worldwide Care was awarded the accolade “Best International Medical Insurance Provider” at the Annual Health Insurance Awards in Great Britain for the year 2004. The jurors were particularly impressed by the service quality attained by Allianz Worldwide Care over the past twelve months and its effective sustainable commitment to providing flexible high-quality products. The company has specialized in medical insurance for company employees who work abroad.

Goal attainment and new goals for 2006

The Allianz Group has largely attained its sustainability goals in 2005. New goals have been designated for the 2006 program and these will entail further advances along the established route.

Goals 2005	Implementation
Implementation of recommendations from the Board Projects in the area of underwriting and own investments, as well as expansion of a concept for systematic, prospective risk management and appropriate internal risk research.	Within the scope of the revised Group Risk Policy
Further extension of the early-warning system	In progress
Intensifying and systematizing the dialog with stakeholder groups (e.g. WWF International)	Studies on climate change, micro-insurance and nanotechnology in cooperation with stakeholders
Support for our leadership values and main goals through the sustainability strategy	Continuous process
Setting up a Group-wide software tool for checking, monitoring and reporting sustainability performance	Completed in summer 2005
Improvement of external evaluations of sustainability performance (ratings)	Attained
Internal training on sustainability issues	Organized internal workshops on reputational risks and emerging risks (e.g. nanotechnology)
Inclusion of further sustainability aspects (e.g. demographic change, health) in sustainability strategy	Under discussion

Goals for 2006

The Allianz Group has set itself the following main goals for sustainability:

INVESTMENT:

Targeted positioning of Allianz Asset Management in the area of Socially Responsible Investment (SRI)

RISK MANAGEMENT:

Systematic, prospective risk research and expansion of early warning, particularly on the issue of climate change

COMMUNICATION:

Continuation of the dialog with stakeholder groups (e.g. WWF, OECD, GTZ)

RESPONSIBILITY:

Positioning in relation to the problem areas of demographic change and health

TRANSPARENCY:

Expansion of the Group-wide reporting system for sustainable development

RATING:

Further improvement in external ratings of Allianz sustainability performance

Memberships

Allianz – as a Group or through its subsidiary companies – is a member of various initiatives for promoting sustainable business. This is because the whole is greater than the sum of its individual parts when it comes to achieving progress.

Econsense > www.econsense.de

Carbon Disclosure Project > www.cdproject.net

Climate Group > www.theclimategroup.org

UN Global Compact > www.unglobalcompact.org

UNEP Finance Initiative > <http://unepfi.net>

World Business Council for Sustainable Development > www.wbcsd.ch

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EDITORIAL DEADLINE
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TEXT AND LAYOUT
AKZENTE KOMMUNIKATIONSBERATUNG, MUNICH