

# Corporate social responsibility review 2011



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# Trust. Integrity. Shared Responsibility

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## About us

Allianz Holdings plc controls the principal insurance operations of Allianz SE in Great Britain. Through its subsidiary companies, Allianz Holdings is one of the country's leading general insurance groups.

Through its insurance subsidiaries the Group is one of the top 10 general insurers in the United Kingdom measured by gross written premium. The Group offers a wide range of products and has a presence in most general insurance markets. However, it concentrates resources on markets and products that will deliver the best return for shareholders. The Group distributes its products almost entirely in Great Britain.

## Our mission is

**"To be the outstanding competitor in our chosen markets by delivering products and services that clients recommend, being a great company to work for, and delivering the best combination of profit and growth."**

# £175.9m

profit before tax in 2011

# 4,535

employees in the UK

Allianz 

# About this report

Welcome to this year's corporate social responsibility (CSR) review. This document provides a summary of our approach to CSR issues in our business and our performance during the year 2011. The scope of this document covers the operations of Allianz Holdings plc in the UK.

The 'social responsibility' section of our website provides more information on the issues we face, our progress, performance and targets, as well as previous reports. [www.allianz.co.uk/socialresponsibility](http://www.allianz.co.uk/socialresponsibility)

### To find out more



Our parent company, Allianz SE, produces a separate sustainability report for the Allianz Group, which is available online at

[www.allianz.com/en/responsibility](http://www.allianz.com/en/responsibility)

# A message from our Chief Executive

Economic conditions have been tough for businesses since 2008 now – and 2011 was no different. Against this backdrop, Allianz has delivered pleasing profit levels and has outperformed its competitors in the UK insurance market.

Businesses are faced with difficult choices at times like these and it may be tempting to abandon – even if only temporarily – principles of responsible business and long-term value creation in pursuit of a boost to short-term profitability. However, I believe that such decisions are unwise and shortsighted.

There is little doubt that a lack of long-term vision is at the root of many of the economic, social and environmental problems we now face. It is also highly probable that the financial crisis we are experiencing today will pale in significance to the potential economic and social impacts of environmental degradation, climate change and resource scarcity. Indeed, many scientists and commentators argue that these are not future predictions of a world 30 or 50 years from now; but that we are already beginning to experience them today.

We therefore have a responsibility – and an opportunity – to integrate environmental and social considerations

into our business activities. I am pleased with the progress we have made in reducing the environmental impact of our business operations and exceeding our CO<sub>2</sub> reduction target. It is also encouraging that more of our employees are supporting our chosen charity partners and volunteering in their communities, which in turn helps develop skills that they can bring back into the business.

But being a responsible business goes beyond the realms of traditional ‘CSR’. It means looking after our customers and providing them with products that meet their needs, investing responsibly, sourcing with integrity, and treating our employees and business partners well.

By acting responsibly we will make better decisions, build trust and create sustainable value for our stakeholders. I look forward to seeing our social responsibility strategy integrated even more closely across the business and reporting our progress in future years.



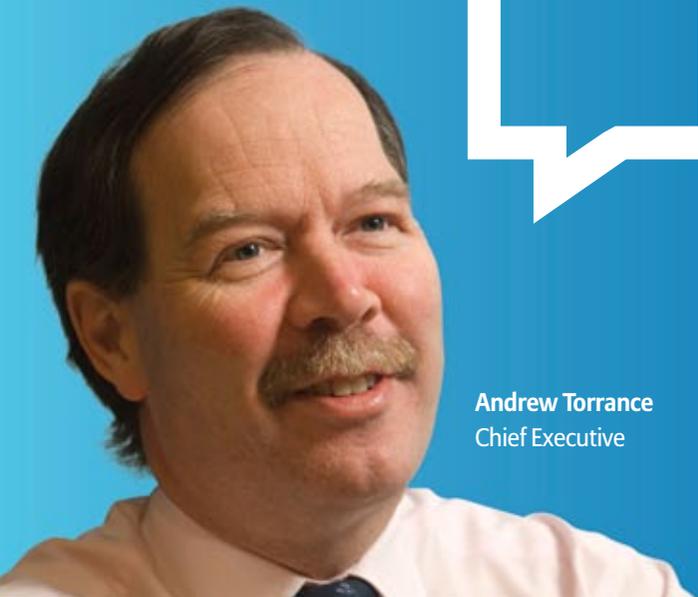
Managing the business risks and opportunities of climate change



Reducing the environmental impact of our operations



Having a positive impact on the communities in which we operate



**Andrew Torrance**  
Chief Executive

# Corporate social responsibility at Allianz

Being 'socially responsible' is recognised in our mission and values. This places a responsibility on everyone who works for Allianz to do so in a responsible way – with respect for each other, the people we do business with, our communities and the wider environment.

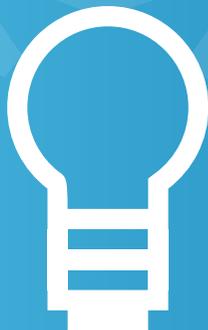
**In 2009, we introduced a new CSR strategy to manage the environmental and social issues facing our business.**

**The strategy has three pillars:**

Managing the business risks and opportunities of climate change

Reducing the environmental impact of our operations

Having a positive impact on the communities in which we operate



These objectives help to support our mission to be the outstanding competitor in our chosen markets, so that we can continue to attract and retain employees, customers and clients.

However, CSR is a constantly evolving subject. To make sure we're addressing the right issues, we need to listen to our stakeholders and act on what's important to them.

In 2010/11, we engaged a number of stakeholders – suppliers, business partners, non-governmental organisations (NGOs) and sustainability 'leaders' – to find out what they thought of our approach to CSR and what else we needed to focus on.

Following the recommendations from this feedback, we set up a working group to assess the *materiality* of these issues, in the context of our business strategy.

## 86%

**of respondents in the 2011 Allianz Engagement Survey, said they were "satisfied with the actions our company is taking to be socially responsible"**

This identified five priority areas that, we believe, provide us with the biggest opportunity to make a positive difference to our customers, employees, communities and environment:

- 1 Providing responsible products and services
- 2 Serving our customers and combating financial fraud
- 3 Developing and engaging our employees
- 4 Operating responsibly and protecting the environment
- 5 Investing in our communities

In 2012/13, we will work to develop our strategy in these areas and implement our plans throughout our business. We will manage this through an appropriate governance structure and aim to be fully transparent about our progress.

The remainder of this review focuses on our progress in 2011.



# Climate change

Managing the business risks and opportunities of climate change



**£3.2m**

invested in socially responsible investment (SRI) Eco-trends fund

Since global warming is most probably causing more frequent extremes of weather – heatwaves, droughts, floods and tropical storms – it materially affects insurers' operations across all lines of business. Weather extremes impact insurers in two ways: through policies covering flood damage, for example, and as large-scale institutional investors with significant stakes in companies affected by weather extremes.

Our comprehensive, Group-wide, climate change strategy aims to address the potential risks and opportunities, by contributing to a low-carbon economy through the development of new products, services and investments, while helping to mitigate the impacts of our customers and of our own business on the environment.

## Progress in 2011:

### Insurance solutions for a low-carbon economy

Developing insurance solutions that help mitigate climate change or take its environmental impact into account is part of Allianz's Group-wide climate strategy.

Following extensive market research into the renewable energy sector in the UK we have provided cover for a number of renewable energy projects, such as loss or damage to solar PV equipment (including breakdown) and business interruption, which covers the reduction in 'feed-in-tariff' (FIT) payments and revenue due to a loss covered under the policy.

We have also provided cover for the construction of a number of anaerobic digestion (AD) and biomass plants, and machinery breakdown/business interruption policies.

### Responsible investments

We take our responsibilities as an investor seriously. Allianz Global Investors (AGI), which manages our investments, is a signatory to the United Nations Principles for Responsible Investment (UNPRI). Considering the environmental, social and governance policies and practices of the companies we invest in is therefore part of the decision-making process.

In 2011, we transferred investments worth a total of £3.2m into the RCM (an AGI company) 'Eco-trends' fund, which focuses on three main investment themes: *eco-energy*, *pollution control* and *clean water*.

### Sustainable claims

Through dialogue with our main suppliers we have been pursuing a staged approach to encourage them to adopt sustainable methods of handling claims. The main offerings we have – and their benefits – are as follows:

- **Mobile vehicle repair** delivered by AutoRestore®, which reduces cycle time; reduces mileage per claim; and achieves energy savings compared to body shop repairs.
- **Repair rather than replace** avoids total loss of a vehicle and resultant waste; while saving energy and resources in new car manufacture.
- We work with **Specialist Waste Recycling** to recycle at least 75% of body shop waste by weight of all wastes from our approved repairer network.
- Damaged glass from property claims is **recycled or re-used** as a substitute aggregate in road building, avoiding landfill waste.
- **Localised repairs** within property claims such as plastering and limiting 'stripping out' work on water-damage claims reduces the use of new materials, waste disposal (landfill) and transportation of new materials.

## Objectives in 2012/13:

- Further explore opportunities to develop insurance solutions to support the low-carbon economy.
- Increase the proportion of claims carried out in a sustainable way.

# Environmental impact

Reducing the environmental impact of our operations

## 50%

CO<sub>2</sub> emissions reduction per employee since 2006



We are committed to reducing our carbon footprint by using fewer resources and recycling more waste. Our target is to reduce carbon dioxide (CO<sub>2</sub>) emissions by 25% per employee by 2012, compared to 2006.

## Progress in 2011:

### Carbon footprint

In 2011, the CO<sub>2</sub> emissions per UK employee were 1.7 tonnes. This represents a 50% reduction since our 2006 baseline; and double our target of a 25% reduction. Our absolute CO<sub>2</sub> emissions were 7,619 tonnes CO<sub>2</sub>; 42% lower than in 2006.

In 2011, we achieved the Carbon Trust Standard in recognition of our consistent efforts to reduce CO<sub>2</sub> emissions from our business year-on-year.



The Carbon Trust Standard certifies organisations for real carbon reduction and commitment to ongoing reductions

### Energy

We have reduced the amount of energy used in our offices by 27.5% since 2006, by managing heating and cooling demands; upgrading lighting fittings and controls; and replacing electrical equipment with new, more efficient equivalents.

In 2011, our total energy use reduced by 15% from 2010. Our electricity use fell 10%, largely due to the completion of a global IT consolidation project. We were also helped by milder weather in

2011, which reduced our heating (gas) demands, compared with 2010. We purchase electricity from renewable (hydro-power) sources in all our offices where we are responsible for the supply – which represents 56% of our total electricity use in 2011.

### Business travel

Improvements in the fuel efficiency of our company cars since 2006 have reduced our emissions from road travel by 37%, despite the total distance travelled by road remaining relatively constant for five years. The average emissions of our vehicle fleet are now just 133g CO<sub>2</sub> per kilometre.

We are upgrading our video-conferencing facilities to provide alternatives to travel and also encouraging our employees to consider more sustainable travel options, such as walking, cycling, public transport or car-sharing, whenever possible.

### Resources and waste

We have reduced our paper consumption by 37% since 2006 by improving our in-house printing technology and by engaging employees to change printing habits. We're also communicating with more stakeholders electronically, thereby avoiding printing altogether.

Despite this, the total amount of waste we generated rose 12% in 2011 compared to

2010; although it is still 24% lower than in 2006. However, we are concerned that only 49% of our waste is separated for recycling, so we will do more to raise awareness of the importance of recycling among employees, and make it easier for them to do so.

### Responsible sourcing

We have a responsibility to make sure that our purchases are sustainable and from responsible sources. Allianz has introduced a vendor integrity screening process to ensure our suppliers are financially stable and we request information on their environmental, social and governance policies.

## Objectives in 2012/13:

- ◆ Install solar PV panels at our Guildford Head Office to generate electricity for onsite use.
- ◆ Investigate voltage optimisation equipment to regulate and reduce electricity used in our offices.
- ◆ Roll out new video-conferencing equipment at major offices to provide alternatives to travel.
- ◆ Continue to encourage employees to car-share for commuting and business trips.
- ◆ Increase the proportion of waste that is recycled.

# Community

Having a positive impact on the communities in which we operate



## 4,734

hours volunteered in communities  
by our employees



By offering skills, time, money and other resources we are able to give practical and financial support to the communities around us. We are involved with local and national charity programmes; offering a variety of opportunities for employee fundraising, volunteering and team challenges.

## Objectives in 2012/13:

- Maintain enthusiasm and level of employee fundraising for our corporate charity.
- Engage more employees in volunteering in their communities, especially skills-based activities.
- Adopt the London Benchmarking Group model to ensure a robust framework for measuring our community investment.

## Progress in 2011:

### Supporting charities

Fundraising is one of the ways we can engage employees to support charities, bringing benefits to communities. We are involved in several, long-term charity partnerships to which a total of £363,000 was donated in 2011. This includes £225,000 in cash donations from the company and £138,000 donated by employees. Total donations from the company were around £110,000 lower than in 2010 due to a partnership with Chance to Shine (a sporting programme to promote cricket in state schools) coming to an end.

Since July 2009, fundraising for our main charity partner, Help the Hospices, reached £415,000 by the end of 2011. Our employees raised a total of £75,000 for Help the Hospices, which Allianz matched up to £60,000; as well as contributing £25,000 to a training and development fund for hospice staff.

We encourage our employees to take up tax-free payroll giving to charitable causes by matching 10% of employee donations per month. A total of £44,000 was donated like this in 2011. We have achieved the Silver Payroll Giving Quality Mark, which recognises that over 5% of our employees gave regularly to charity through Give As You Earn (GAYE).

Employees are also encouraged to donate through payroll to support international disaster appeals: in 2011, employees gave £11,500 to the East Africa Crisis Appeal.

### Employee volunteering

We support our employees to contribute their time and skills to support the communities in which they live and work. All employees are entitled to 10 hours of paid volunteering leave per year. In 2011, 550 employees (12% of our workforce) spent a total of 4,734 work hours volunteering in their communities. Activities range from individuals mentoring school children to

team activities undertaking conservation work. A total of 2,500 trees, supplied by the Woodland Trust, were planted by employees around the UK.

### Social impact through learning

Developing our employees is crucial if we are to achieve our business goals, so we offer a wide range of training courses. We also recognise that our employees' skills and expertise can be put to good use to help people and organisations in the community. By giving something back to the community and exposing our employees to different social situations, this in turn helps support our employees' development.

An example of this in practice is Routes to Success – an annual, cross-divisional leadership programme aimed at developing talented individuals in preparation for future leadership and management roles. As part of the programme, the groups work with different charities, offering their business skills to deliver projects the charities are not able to do themselves. From producing a marketing brochure and strategy, to creating an effective way to promote and measure the charities' work, the groups are challenged to deliver within short timescales while balancing the demands of their day jobs.

## Performance data

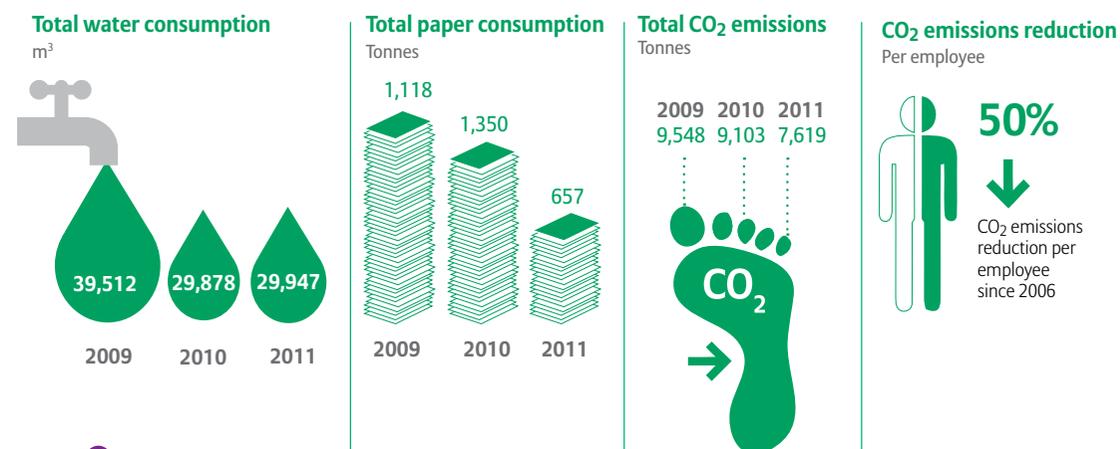
Our performance data covers 100% of the Alliance Holdings subsidiaries in the UK. Data is collected on an annual basis, ie 1 January to 31 December. Environmental data is collected on the basis of significant sources of carbon dioxide emissions and CO<sub>2</sub> emissions are calculated in accordance with the Greenhouse Gas (GHG) Protocol.

Indicator	Unit	2009	2010	2011
<b>Economic</b>				
Gross written premium	£m	1,558.1	1,663.7	1,832.2
Pre-tax profits	£m	207.3	156.6	175.9
<b>Community</b>				
Total contributions	£	434,000	490,000	363,000
Company contributions	£	339,000	330,000	224,000
Percentage of pre-tax profits	%	0.16	0.21	0.13
Employee fundraising	£	49,000	82,000	83,000
Employee Give As You Earn	£	46,000	77,000	55,000
Percentage of employees GAYE	%	5.2	6.0	5.6
Employee volunteering	Hours	1,481	2,751	4,734
Percentage of employees	%	5	8	12
<b>Environment</b>				
Total CO <sub>2</sub> emissions	Tonnes	9,548	9,103	7,619
CO <sub>2</sub> emissions per employee	Tonnes	2.3	2.1	1.7
Total energy consumption	GJ	81,408	88,517	74,742
Total electricity	GJ	56,979	58,312	52,028
Hydroelectric power	GJ	26,494	34,796	29,556
Average market mix	GJ	30,485	23,516	22,472
Total gas	GJ	24,429	30,205	22,714
Total business travel	'000 km	21,221	20,939	21,425
Road travel	'000 km	17,284	16,704	16,912
Air travel	'000 km	3,936	4,235	4,512
Total paper consumption	Tonnes	1,118	1,350	657
Total water consumption	m <sup>3</sup>	39,512	29,878	29,947
Total waste generation	Tonnes	2,143	1,593	1,789
Percentage of waste recycled	%	53	44	49

## At a glance



### Environment



### Community

