

Variable Compensation At Allianz

AZpire + (Annual Bonus)



Principles & target variable compensation

Principles

Compensation at Allianz is based on a **Target Total Direct Compensation (TTDC)** approach. The TTDC in place for the performance year contains a mix of fixed and variable compensation elements considering regulatory requirements and linking performance to rewards. Target variable compensation as such can go upwards or downwards based on individual and company performance and may result in a higher or lower actual variable compensation payout.

Target variable compensation

Individual compensation is regularly reviewed for internal and external market competitiveness; target variable compensation is set within this benchmark and communicated at the start of the performance year.

Actual variable compensation Determination & Delivery

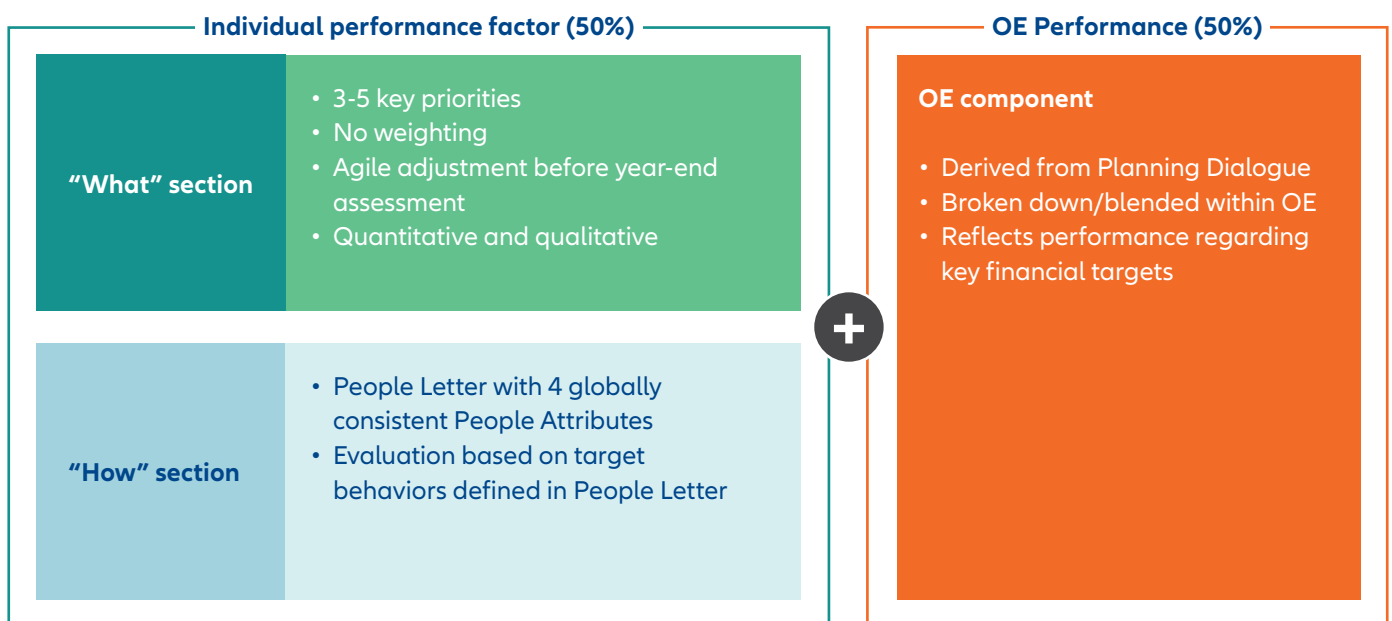
The actual variable compensation amount depends on company and individual performance, as measured in the **Operating Entity Component (“OE Component”)** and the **Individual Performance Assessment** as the basis for the **Individual Performance Factor**.

AZpire + is an additive variable compensation scheme: the OE Component is added to the Individual Performance Factor with equal 50:50 weighting to determine the **Overall Target Achievement** expressed as a percentage level. To calculate the actual variable compensation amount, the Overall Target Achievement is then multiplied by the target variable compensation amount.

OE performance (OE component)

The OE Component reflects the achievement of the key financial targets for the year. The financial targets are set at the beginning of the performance year and include collective financial performance indicators. The OE Component achievement expressed as a percentage level is determined after the financial closing of the relevant performance/ fiscal year and will be in the range of 0-200%.

Calculation of Overall Target Achievement (AZpire +):



Note: “What” and “How” are of equal importance.

Individual performance

The Individual Performance Assessment is a discretionary assessment of individual performance considering **What** has been achieved and, of equal importance, the behavior (**How** it has been achieved).

More specifically:

- **What:** The manager will assess contributions with particular reference to personal priorities, which are agreed and documented annually in the performance management system.
- **How:** The manager will assess individual behavior against the **People Attributes**¹ and underlying target behaviors.

At the end of the performance year, the manager will assess individual performance within a 3-point rating scale, which corresponds with the following Individual Performance Factor ranges:

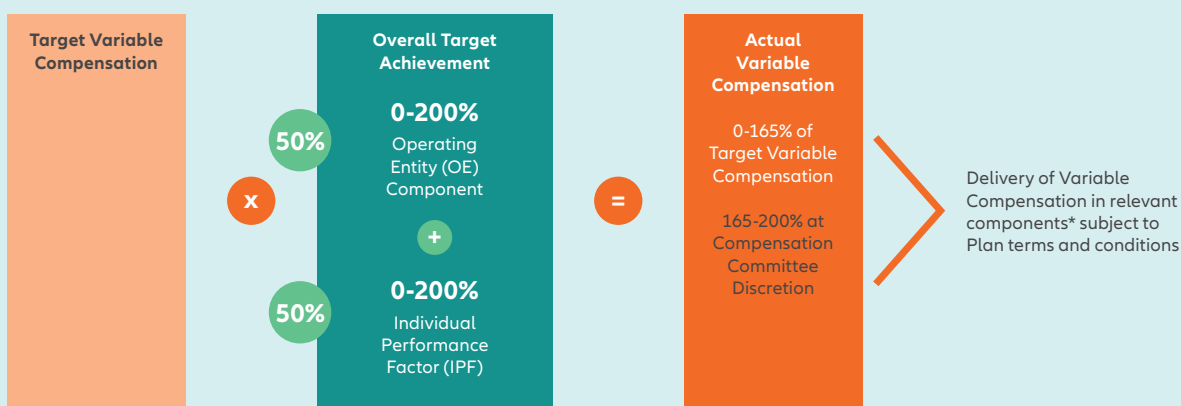
Individual Performance Assessment	Individual Performance Factor Range
Below target	0-80%
At target	85%-115%
Above target	120%-200%

Depending on the level of seniority, the Individual Performance Factor is subject to the approval of the relevant body of the company (e.g. Compensation Committee).

Cap

The range for the OE Component and the Individual Performance Factor lies between 0% and 200%. The maximum **Overall Target Achievement is currently capped at 165%**. By way of exception, the Overall Target Achievement may be increased to a maximum of 200%, subject to the consent of the company’s relevant body and the relevant Compensation Committee. If the Individual Performance Factor is below or at 50% (0-50%), the Overall Target Achievement shall not exceed 25%.

The chart below provides an illustration of how individual and company performance may affect actual variable compensation.



Example:

$$10.000 \times ((0.5 \times 120\%) + (0.5 \times 130\%) = 125\%) = 12.500$$

* That is comprised of cash and non-cash elements depending on contractual agreements/seniority of the role.

¹ The four People Letter Attributes include Customer & Market Excellence, Collaborative Leadership, Entrepreneurship and Trust. For more information please refer to the Performance Management information available on Allianz Connect

Variable compensation

Component details

Annual Bonus

Allianz rewards the employees' performance and contributions to the success of the company with the annual bonus. The actual bonus payout is based on the **Annual Bonus Target Amount** multiplied by the Overall Target Achievement.

The company will pay the annual bonus in cash, net of payroll taxes and social security's contributions, typically within the first 6 months of the year following the relevant performance year.

Malus

Allianz expects strict discipline regarding compliance with internal and external requirements. Linked to this is the expectation that Allianz initiatives on, for instance but not limited to, compliance, data protection, risk management or information security will be actively supported. In the event of a significant breach by an AZpire + participant of

- (i) a statutory provision, court decision or administrative order to be observed in the context of the employment relationship, or
- (ii) the obligations under the Allianz Executive Accountability Regime (if applicable), the risk limits applicable to the AZpire + participant, the Allianz Code of Conduct and/or any other Allianz policies or binding instruction within the context of the employment relationship

("Compliance Breach"), the employing company at its reasonable discretion may reduce up to zero the as-yet unpaid variable remuneration determined for the AZpire + participant for the performance period in which the Compliance Breach was committed. If the Compliance Breach is continuing over several performance periods or if the Compliance Breach is an event that would constitute good cause for termination for cause by the employing company, the employing company at its reasonable discretion may also reduce up to zero the as-yet unpaid variable remuneration determined for the AZpire + participant for more than one performance period.

All circumstances of the individual case are relevant for determining whether a significant Compliance Breach has occurred and, if so, to what extent a reduction of the determined variable remuneration not yet paid out can be made using reasonable discretion; a significant Compliance Breach may only be assumed to exist, however, in the event of grossly negligent or wilful conduct by the AZpire + participant. The circumstances of the individual case include, in particular, the nature and severity of the Compliance Breach, the consequences of the Compliance Breach, the degree of fault on the part of the AZpire + participant, any damage to the assets or reputation of the employing company and/or the Allianz Group, the cooperation of the AZpire + participant as well as his/her participation in the identification and investigation of the Compliance Breach.

In the event of a fact-based suspicion of a Compliance Breach, the employing company will be entitled to withhold the as-yet unpaid variable remuneration determined for the AZpire + participant until the suspicion of a Compliance Breach has been refuted in the course of an internal or external investigation or by any other means.

Variable compensation or components thereof shall further not be paid, or the payment of such components shall be restricted, if the relevant state supervisory authority prohibits or limits such payments at the company on the basis of a statutory authorization.

Transferring employment within Allianz Group companies

Transfers within the Allianz Group are not considered "leaving employment".

Hence, the transfer will not affect the payout schedule:

Annual Bonus

The payout of the annual bonus will typically occur within the first 6 months of the year following the relevant performance year. It will be pro-rated to reflect the days of employment in each role.

Leaving Allianz Group

An AZpire participant will be treated as “leaving employment” when he/she ceases to be an employee or member of the Board of Management of the company and at the same time of any other member of the Allianz Group.

In general, when a participant leaves Allianz on his/her **own initiative** or the company terminates the employment relationship **for cause** during the relevant performance period (“**Bad Leaver**”), the participant will no longer be entitled to any **annual bonus**, subject to applicable local laws.

When a participant leaves employment for any other reason (“**Good Leaver**”), including regular or early retirement, ill health, disability or death, or if the company has chosen to terminate the employment relationship (e.g. redundancy) the company will generally pay any outstanding **variable compensation** on a proportional basis for the time within the performance period and based on the Overall Target Achievement. The payout will typically occur within the first 6 months of the year following the relevant performance year.

Taxation

Tax regulations vary from country to country and may also change from time to time. In most instances there will be national/state income tax and social security levies arising from the variable compensation payouts.

In countries where tax and social security are collected by local payroll, the withholding will usually be calculated by the payroll department of the company that pays the salary. The deductions will be directly submitted by the company to the respective tax and social security authorities.

Where there is no company withholding, or where it is required by the relevant regulations, it is the participant’s responsibility to disclose the

payouts and any other required and relevant information to the respective authorities via the income tax declaration and/or any other necessary filings.

If the executive has worked in more than one country during the relevant performance periods, he/she may be liable for tax and/or social security levies in some or all of these countries. The amount may be apportioned to the time of employment in a particular country. It is the participant’s responsibility to ensure compliance with the tax regulations for the variable compensation payouts received.

Allianz recommends consultation with a professional tax adviser (at participant cost) to fully understand the taxation implications surrounding variable compensation.

Legal notice

In the event of a conflict between the content of this brochure and the formal provisions of the individual plan(s), the formal plan conditions will prevail. Additional local terms and conditions may apply.

Variable compensation plans are discretionary and Allianz reserves the right to determine participation in the plan(s) and the right to amend, modify, interpret or terminate the plan(s) at any time without notice. Such determinations will be final and binding. Further, there is no guarantee that the plan(s) will be operated in the future, or, if operated, that the employee will be selected again for participation.

This brochure does not create an express or implied contract of employment with any employee nor does it create any terms of contract for any particular benefit or reward plan. Payouts under the plan(s) are not pensionable nor do they otherwise serve as basis to calculate any other benefit (such as for example holiday pay) unless specifically required by local law or provided for in the relevant plan conditions.

Allianz SE

Group People & Culture – Reward and Performance

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