

Variable Compensation At Allianz

AZpire X (incl. AEI)



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

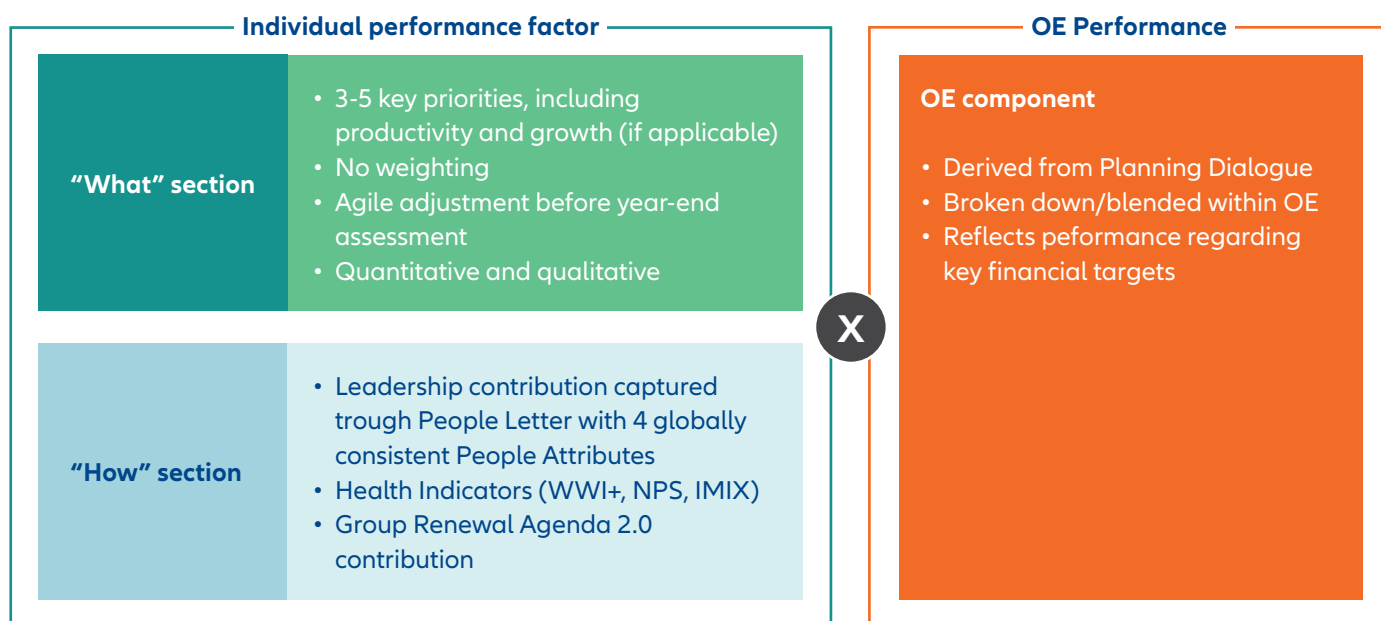
The actual variable compensation amount depends on company and individual performance, as measured in the **Operating Entity Component (“OE Component”)** and the **Individual Performance Assessment** as the basis for the **Individual Contribution Factor**, which ranges between 0.8 and 1.2.

AZpire x is a multiplicative variable compensation scheme: the OE Component is multiplied by the **Individual Contribution Factor** 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.

Calculation of Overall Target Achievement (AZpire X):



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 50–150% (with the right of the respective approval body to adjust downwards).

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 Attributes¹** and underlying target behaviors as well as **Health Indicators** and individual contributions to the **Renewal Agenda 2.0**.

At the end of the performance year, the manager will assess individual performance within a 3-point rating scale:

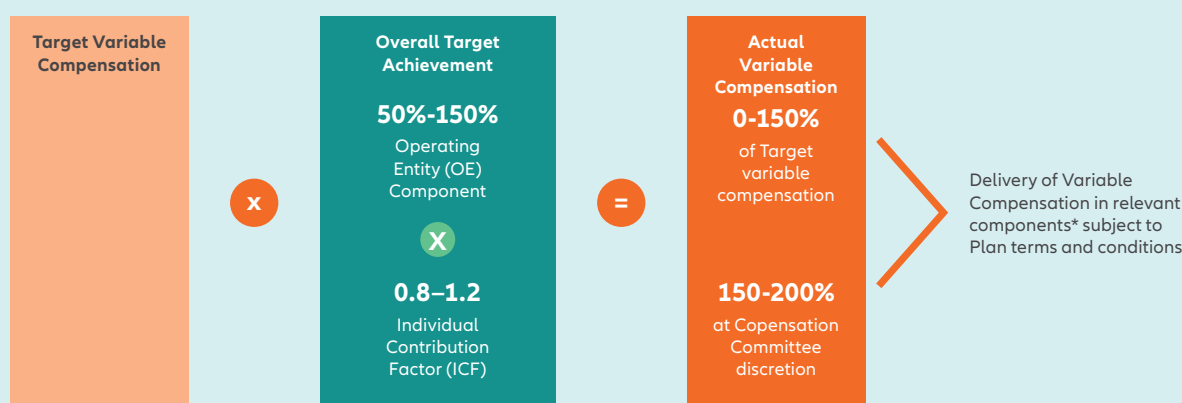
Individual Performance Assessment	Individual Contribution Factor Range
Below target	0.8 – 1.2
At target	
Above target	

Depending on the level of seniority, the Individual Contribution Factor is subject to the approval of the relevant body of the company (e.g. supervisory board or compensation committee).

Cap

The maximum **Overall Target Achievement is currently capped at 150%**. 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.

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



Example:

$$10.000 \times 120\% \times 1.1 = 13.200$$

* 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.

Allianz Equity Incentive (AEI)

The AEI is a long-term incentive plan provided to Allianz Global and Senior Executives as well as other key employees to allow them to benefit from Allianz's long-term success. It aims to tie them to Allianz's future success by linking variable compensation to the longer-term development of Allianz SE stock during continued employment until vesting.

The AEI grants **Restricted Stock Units ("RSUs")**, also known as virtual stock. The RSUs have a four-year vesting period from the time of their grant. Allianz stock performance over the four-year vesting period drives the ultimate value of the AEI award. This also means that any value can only be realized if the plan participant does not leave Allianz Group upon own initiative before the respective plan vests (see section "Leaving Allianz Group" and RSU Conditions for more details).

How the AEI plan works

Grant

The **AEI Target Amount** is multiplied by the Overall Target Achievement to determine the **AEI Allocation Amount**. To calculate the number of RSUs to be granted, the AEI Allocation Amount is divided by the **Fair Value at Grant** of an RSU as defined in the RSU Conditions. Since no fractional RSUs are granted, the number of RSUs are rounded up or down to the nearest whole RSU.

The participant is required to formally accept the grant and the RSU Conditions during a defined acceptance period within the Allianz Plan Manager. Failure to do so by the set date will result in forfeiture of the AEI grant.

Vesting & Payout

One RSU represents the right to receive, after expiry of a vesting period of four years, a cash payment² ("**AEI Payout Amount**"). The AEI Payout Amount shall be determined by multiplying the Share Price at Vesting (as defined in the RSU Conditions) with the number of vested RSU granted. To avoid extreme payouts, the Share Price at Vesting shall be limited to a maximum amount equal to three times the Share Price at Grant.

Sustainability Assessment

The AEI Payout Amount of participants holding an Allianz Global Executive or Allianz (Senior) Executive³ position and/or holding a Risk Taker position shall be subject to a **Sustainability Assessment** by the company's relevant body as set forth in the RSU Conditions. Based on this sustainability assessment, the company's relevant body is entitled, at its proper and due discretion, to fully or partially reduce the AEI Payout Amount (for the avoidance of doubt, an increase in payout is not possible).

The AEI plan is subject to the RSU Conditions. If there is any discrepancy between the content of this document and the plan conditions, the RSU Conditions prevail.

² Alternatively, Allianz SE may elect to settle the AEI Payout Amount in shares of Allianz SE.

³ As board member of an Allianz Group company provided the executive has a reporting line into an Allianz Global Executive (is a member of the same local board/executive committee).

Example of how the AEI works

Performance Year	AEI Target Amount		€ 100,000
Grant	Overall Target Achievement		110%
	AEI Allocation Amount (AEI award)		€ 110,000
	Fair Value at Grant per RSU		€ 100
	Number of RSUs (Grant Size)		1,100 RSUs
Vesting Period			4 years
Share Price at Vesting Date			€ 130
AEI Payout (four years from Grant)	Cash Payout	Number of RSUs	1,100
		Gross Award (1,100 x 130)	€ 143,000
		Net payout (50% tax rate assumed)	€ 71,500
	Stock Settlement	RSU	1,100
		Gross Award (1,100 x 130)	€ 143,000
		Net Share Award (50% tax rate assumed)	550 Shares

Malus

In case of a significant breach of the Allianz Code of Conduct or the Solvency II Policies and Standards, including the risk limits, the relevant body is entitled to fully or partially reduce the payout from any variable compensation (malus). The employer will take the corresponding decision using equitable discretion considering the significance of the breach and the principle of proportionality.

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.

AEI/RSU

For AEI participants the RSUs will transfer with the employee to the new company and will vest on schedule according to the RSU Conditions.

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 or vesting period (“**Bad Leaver**”), the participant will
- no longer be entitled to any **annual bonus**, subject to applicable local laws, and
- any **RSU** already granted will forfeit and no further RSUs will be granted.

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,
- make a payout in accordance with the **RSU** Conditions for any RSU granted (and subject to the sustainability assessment as applicable). For performance shares (as defined in the RSU Conditions, e.g. granted to Allianz Global and certain (Senior) Executives as well as Risk Takers) and retirees the payout will occur at the end of the vesting period. For specifics on treatment of various leaving employment situations please refer to the RSU Conditions.

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/vesting 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.

Note for US executives: The information in this brochure regarding the Allianz Equity Incentive constitutes part of a prospectus covering securities that have been registered under the US Securities Act of 1933.

