

ALLIANZ SE MANAGEMENT BOARD REMUNERATION SYSTEM

FACT BOOK for investors

Item 5 of the agenda

Approval of the remuneration system for members of the Board of Management of Allianz SE

Allianz Investor Relations, March 2021

Disclaimer:

This is a summary of the remuneration system for the Board of Management of Allianz SE and the proposal to the Annual General Meeting of Allianz SE on May 5, 2021. This summary is provided as an information to investors for convenience purposes only. For more comprehensive information please refer to the [invitation](#) to the Annual General Meeting 2021 of Allianz SE. Allianz SE reserves the right to make amendments. No warranty is made as to the accuracy of this summary and Allianz SE assumes no liability with respect thereto.

Release 1.0





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Abbreviations

- CEO = Chief Executive Officer
- RBM = Regular Board Member
- ICF = Individual Contribution Factor
- KPI = Key Performance Indicator
- LTI = Long-Term Incentive
- RSU = Restricted Stock Unit
- SXIP = STOXX Europe 600 Insurance
- TSR = Total Shareholder Return
- ESG = Environmental, Social, Governance
- AktG = German Stock Corporation Act (Aktiengesetz)
- IFRS = International Financial Reporting Standards
- ARUG II = Act to implement 2nd Shareholder Rights Directive (SRD II) into German law

Underlined terms bring you directly to the relevant parts of this FACTBOOK or to further information in the invitation to the Annual General Meeting or the company website



Summary

System in good shape

- The remuneration system was thoroughly updated in 2019
- It was approved by the Annual General Meeting 2019 with a 92.1% majority
- To comply with the updated German Corporate Governance Code (December 16, 2019) the following amendments became effective in 2020:
 - ✓ Elimination of severance payments in the event of a change of control
 - ✓ Offsetting severance payments with non-competition clause payments to avoid double payment
- Last year Euroshareholders and Deutsche Schutzvereinigung für Wertpapierbesitz (DSW) ranked it as the most shareholder-friendly DAX 30 remuneration system
- The system worked well in the COVID-19 crisis: operating profit and net income for fiscal 2020 dropped by 9.3% and 14.0% respectively, target achievement declined to 75.6%

Only a few amendments needed and proposed to the Annual General Meeting 2021

- The basic structure of the remuneration system remains unchanged
- The amendments proposed to the Annual General Meeting are aimed at
 - (1) ensuring the appropriateness of the CEO compensation
 - (2) integrating rules and recommendations provided by ARUG II and updated German Corporate Governance Code
 - (3) clarifying some issues
- In addition, climate and social aspects (ESG) will be stronger incentivized
- The requirements of ARUG II and of the updated German Corporate Governance Code are met in every respect
- The proposed amendments shall first apply for the fiscal year 2021



Basic structure

Target remuneration structure	Target remuneration in € thou	Modifier for target level	Other characteristics
30% Base salary	CEO: 1,911 RBM: 975	<ul style="list-style-type: none"> • Fix • Chair factor for CEO set at 1.96 x RBM (applies to all components of target remuneration and to the cap) 	Shareholding requirement <ul style="list-style-type: none"> • CEO: 2 x base salary • RBM: 1 x base salary
25% <u>Annual bonus</u>	CEO: 1,593 RBM: 813	<p>Annual bonus target achievement factor</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px;">Group result</div> <div style="text-align: center;"> </div> <div style="border: 1px solid black; padding: 5px;">Individual contribution factor</div> </div> <p style="text-align: center; margin-top: -10px;">0 - 150%</p>	<ul style="list-style-type: none"> • Malus (up to 100%) • Clawback (up to 3 years)
45% <u>Long-term incentive (LTI)</u> ¹	CEO: 2,867 RBM: 1,463	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px;">Annual bonus target achievement factor</div> <div style="text-align: center;"> </div> <div style="border: 1px solid black; padding: 5px;">4-year share price performance</div> <div style="text-align: center;"> </div> <div style="border: 1px solid black; padding: 5px;">4-year relative performance (peer index)</div> </div> <p style="text-align: center; margin-top: -10px;">0 - 272%²</p> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> Sustainability check (100% down to 0%) </div>	
100%	CEO: 6,371 RBM: 3,251	<ul style="list-style-type: none"> • Severance payment ≤ 2 x target compensation 	
+ Pension contribution	CEO: 956 RBM: 488	<ul style="list-style-type: none"> • 15% of target compensation (50% of base salary) 	Total stock exposure³ <ul style="list-style-type: none"> • CEO: 8 x of base salary • RBM: 7 x of base salary
Total remuneration	CEO: 7,327 RBM: 3,739	<ul style="list-style-type: none"> • Cap incl. pension contribution in € thou: • CEO: 11,750, RBM: 6,000 	

1) For simplicity reasons, the LTI percentage as well as the LTI target amount are based on target allocation values.

2) The overall remuneration cap of € 11,750 thou | € 6,000 thou including pension contributions limits the effective payout of the LTI to a maximum of 272%.

3) Shareholding requirement plus LTI at full run-rate



Key requirements

- ✓ **Transparency**
 - Disclosure of target metrics and achievement (ex post)
 - Disclosure of individual contribution factor for each board member
- ✓ **Shareholder alignment**
 - High economic exposure to Allianz stock (physical shares plus virtual shares from LTI)
 - Malus and clawback applicable to full variable remuneration
- ✓ **Pay for performance**
 - Consideration of relative total shareholder return
 - Zero payout from LTI in case of poor relative total shareholder return
- ✓ **ESG targets**
 - Concrete social and climate protection targets
 - Sustainability assessment before LTI payout
- ✓ **Simplicity**
 - 3 core compensation components
 - Assessment against public KPIs
- ✓ **Adequacy**
 - Horizontal and vertical alignment
 - Explicit caps for total compensation



Amendments & rationale

Amendments are explained in more detail in the [invitation](#) to the Annual General Meeting and in the [Remuneration Report](#)

Adjustment	Rationale
<p>1</p> <ul style="list-style-type: none"> • Increase of CEO target remuneration to EUR 7,327 thou from EUR 6,540 thou • Increase of CEO target remuneration cap to EUR 11,750 thou from EUR 10,000 	<ul style="list-style-type: none"> • Ensure adequate CEO compensation by adjusting chair factor to 1.96 from 1.75 x RBM compensation • New chair factor matches DAX 30 average of 1.96 • New absolute CEO compensation stands at the 75th percentile of DAX 30 and matches the positioning of the RBM; Allianz, measured by revenues, number of employees and market capitalization, stands at the 86th percentile • Align cap with CEO factor of 1.96 x RBM cap
<p>2</p> <ul style="list-style-type: none"> • Authorization for Supervisory Board to temporarily deviate from components of the remuneration system in exceptional circumstances 	<ul style="list-style-type: none"> • Emergency clause in line with ARUG II / § 87a (2) AktG • Strictly limited to situations where necessary in the interests of the long-term welfare of the company • E.g. for the appointment of a new board member with relevant expertise to cope with a crisis
<ul style="list-style-type: none"> • Authorization for Supervisory Board to adjust variable remuneration under exceptional circumstances 	<ul style="list-style-type: none"> • In line with German Corporate Governance Code • Allows adjustments in case of significant distortion of results outside management control which could not be considered at target setting • E.g. for significant changes in accounting rules (impact of IFRS 9 + 17) or in tax or regulatory framework



Amendments & rationale, continued

Amendments are explained in more detail in the [invitation](#) to the Annual General Meeting and in the [Remuneration Report](#)

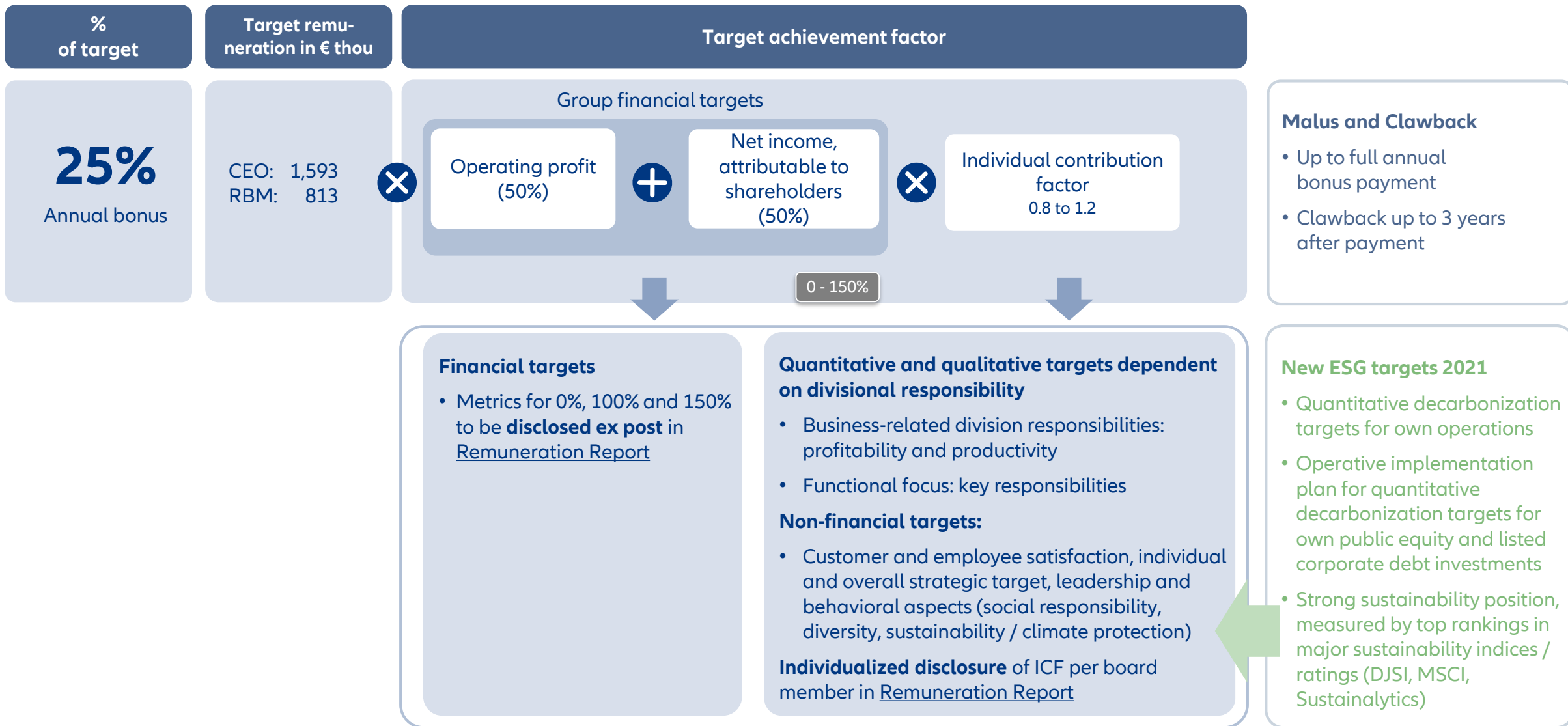
Adjustment	Rationale
<p>3</p> <ul style="list-style-type: none"> Clarification that Supervisory Board may moderately adjust target remuneration within approved framework 	<ul style="list-style-type: none"> Allows minor increases or decreases of target remuneration without change of remuneration system to maintain horizontal and vertical adequacy No automatic inflation adjustment Requires a justified decision by Supervisory Board that needs to be detailed in Remuneration Report Shareholder feedback via annual vote on Remuneration Report
<ul style="list-style-type: none"> Clarification that Supervisory Board may grant compensation for forfeited benefits from previous employer 	<ul style="list-style-type: none"> Enable hiring of senior external talent

APPENDIX



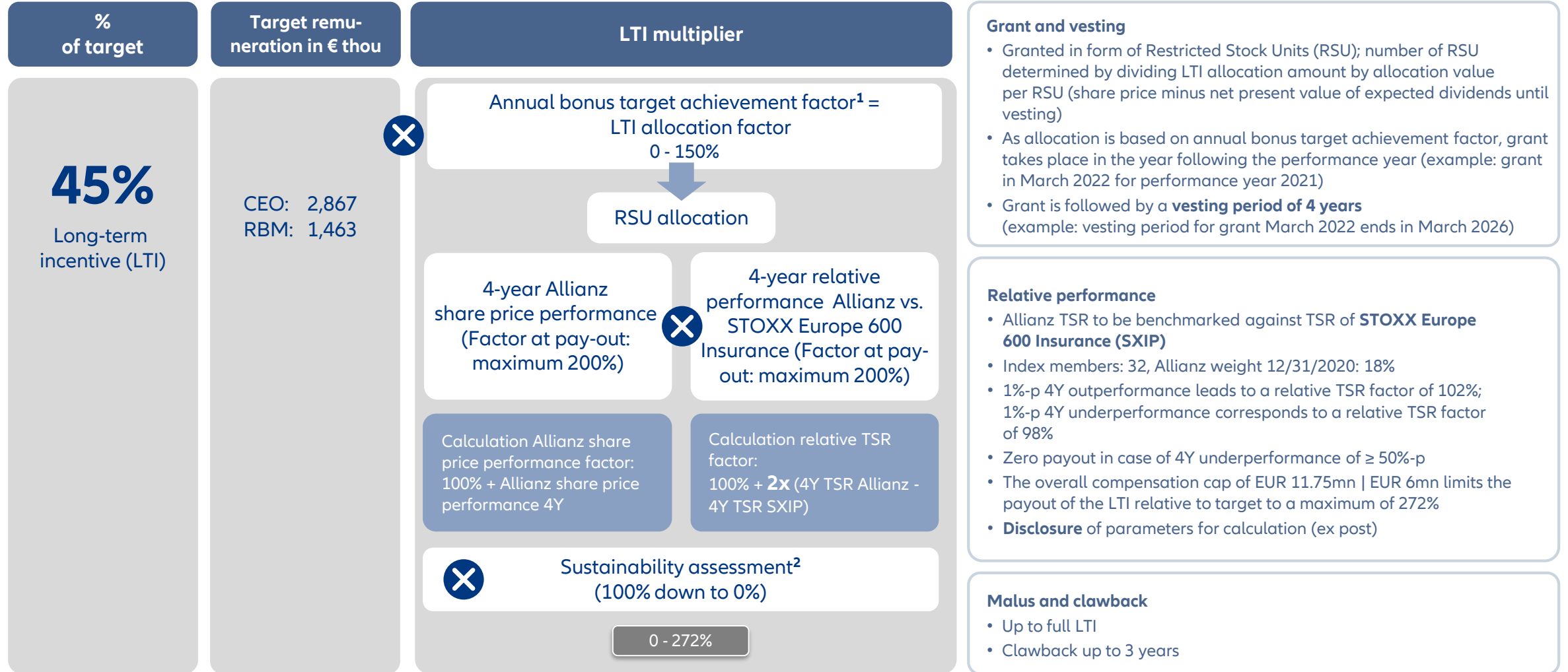


Annual bonus in detail





Long-term incentive in detail



1) Considers short term financial and non-financial (ESG) targets

2) Considers financial and non-financial (ESG) status (examples: balance sheet strength, decarbonization of operations and portfolio)



Section 87a (2) German Stock Corporation Act (AktG)

To comply with Sec 87a (2) German Stock Corporation Act the Supervisory Board shall be authorized to deviate from the remuneration system in exceptional circumstances.

[Convenient Translation:] “The Supervisory Board of the listed company shall determine the remuneration of the members of the board of management in accordance with a remuneration system submitted for approval to the general meeting pursuant to Section 120a (1). The Supervisory Board may **temporarily deviate from the remuneration system** if this is necessary **in the interests of the long-term well-being of the company** and the remuneration system specifies the procedure for deviating and the components of the remuneration system that can be deviated from.”



Additional information at allianz.com

All information on the remuneration system of the Board of Management

Agenda, Item 5
Remuneration Report, page 23-43
Board remuneration
Interview with Michael Diekmann

www.allianz.com/agm
www.allianz.com/annualreport
www.allianz.com/remuneration
[Three questions to Michael Diekmann on CEO compensation](#)



More about the Board of Management

Board of Management

www.allianz.com/management-board



Allianz Group at a glance

Allianz Fact Sheet

www.allianz.com/fact-sheet



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