

Remuneration Report

of Allianz Global Corporate &
Specialty SE

2017

Pursuant to § 4.8 of the Remuneration Regulation for the Insurance Industry (VersVergV), major companies within the meaning of § 1.2 of this Regulation are required to publish an annual remuneration report in a suitable form and containing, in particular, information on remuneration policy and the remuneration structures, including the proportion of variable remuneration. These requirements relate, in accordance with § 4.1 sentence 1 VersVergV, to the managers of major companies whose activities have a material impact on the overall risk profile (known as "risk takers").¹

Allianz Global Corporate & Specialty SE (hereinafter referred to as the "Company") has classified itself as a major company within the meaning of the VersVergV. The Company has identified individual members of the senior management team, in addition to the members of the Board of Management, as risk takers pursuant to the VersVergV.

The report below describes the basic principles, structure and details of remuneration provisions for members of the Board of Management (valid as of January 1, 2010) and risk takers (valid as of January 1, 2011) of the Company.

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Remuneration policy

The remuneration provisions are based on competitive, fair market conditions. Remuneration is designed to reflect the Company's business development, taking into account its sustainability and a comparison with the competitive landscape. The remuneration structure is aimed at attracting top performers for the highest level, and senior levels of management, as well as at ensuring and promoting sustainable, value-oriented corporate governance.

The composition and ratio of fixed to variable remuneration varies depending on the responsibility assumed by the members of top-level and senior levels of management in their respective functions according to the Allianz Grading System (AGS). The greater the impact that these activities could have on the results of Allianz Global Corporate & Specialty SE or a business unit, the higher the proportion of variable remuneration and the weighting of the long-term performance component tends to be. For members of the Board of Management, the aim is to have variable remuneration account for 65 percent of total remuneration, while the figure for risk takers is between 50 and 40 percent.

The variable remuneration is designed in a way that supports sustainable business development in various different result scenarios and in a changing business environment. The composition, weighting and the times of payment are structured in a manner that ensures a balanced relationship between opportunities and risks.

As a general rule, the remuneration structures are designed in a manner that counteracts inappropriate risk appetites. The limits placed on all variable remuneration components allow us to avoid creating inappropriate performance incentives that could encourage individuals to take major risks. Substantial parts of the remuneration are deferred, meaning that the amount of the remuneration paid also depends on the sustainability of short-term successes. The amount of variable remuneration is tied to the achievement of the relevant annual/multi-annual targets of the Company and is based on a consistent, systematic target agreement

process that involves all members of the Board of Management and risk takers. The targets are based primarily on the objectives of Allianz Global Corporate & Specialty SE. This process, which is repeated every year, creates a clear understanding as to what is expected of the Board of Management members and risk takers in the interests of sustainable business development. Targets measure quantitative, financial and operating results. What is more, the system takes account of qualitative measures and initiatives that promote the Company's sustainable development, as well as specially worded conduct-related targets.

The structure of Board of Management remuneration

The remuneration system for the Board of Management was adjusted to reflect statutory requirements based on the German Act on the Adequacy of Managerial Salaries (VorstAG) of July 31, 2009, with effect from January 1, 2010.

The Board of Management remuneration consists of non-performance related and performance-related components. The non-performance related remuneration includes fixed remuneration and additional benefits. The performance-related remuneration consists of three components, namely the annual bonus, the three-year bonus (MTB) and Allianz Equity Incentives (AEI). Company pension benefits are also provided.

Fixed remuneration

The basic remuneration paid to members of the Board of Management is a fixed amount that is paid out in twelve monthly installments. Its amount is based firstly on the function and responsibility to be assumed, and secondly on external market conditions.

Additional benefits

Board of Management members also receive certain additional benefits. These mainly relate to premiums for accident and liability insurance policies and the provision of a company car or lump-sum company car benefit. Expenses relating

to dual residence are paid where appropriate. These additional benefits have to be taxed by the Board of Management members. Additional benefits are not performance-related.

Performance-related (variable) remuneration

The various components of the performance-related remuneration are set out in a model that applies within the Allianz Group, the Allianz Sustained Performance Plan (ASPP). The ASPP is designed to promote sustainable corporate performance by ensuring that the participants' variable remuneration is linked to the achievement of sustainable quantitative and qualitative targets.

As far as Board of Management remuneration is concerned, the ASPP consists of three equally weighted components:

- An annual bonus: a performance-related cash payment that depends on the target achievement level in the fiscal year in question.
- Three-year bonus: a performance-related cash payment that is linked to the target achievement level over a three-year period.
- Allianz Equity Incentives: performance-related remuneration paid in the form of virtual shares known as restricted stock units (RSU). The grant value depends on the achievement of annual targets. The RSUs are subject to a vesting period of four years from the time of allocation. Once the vesting period has expired, the ASPP participants receive the equivalent value of one share in Allianz SE for each RSU. This means that the participants participate in the long-term performance of the Allianz Group, expressed by its share price performance, over a four-year period.

The various components of performance-related remuneration ensure an appropriate balance between short and medium-term targets, longer-term success and a sustainable increase in enterprise value. The variable remuneration ensures a balanced relationship between opportunities and risks and is

designed in a way that works effectively even in different result scenarios and in a changing business environment. Varying performance levels are reflected in remuneration in such a way that the remuneration paid to individuals who achieve very good performance is higher, whereas that paid to individuals who do not perform well is lower.

The annual target achievement level is decisive in determining the amount of the annual bonus. It also forms the basis for the annual indicative amount of the three-year bonus and the annual allocation of RSUs. Nevertheless, the amounts actually paid out for the three-year bonus and the Allianz Equity Incentives depend on sustainable development over a prolonged performance period.

The performance targets for the variable remuneration of Board of Management members are determined by the Supervisory Board on an annual basis. The annual target agreement sets out the quantitative and qualitative targets for the next fiscal year and, every three years, the targets for the medium-term performance period.

The amount paid out for the annual bonus depends on the quantitative and qualitative target achievement level in the fiscal year in question. The three-year bonus takes account of sustainable target achievement over the three-year performance period, as well as the results of a qualitative sustainability assessment. The sustainability assessment is based, in particular, on a comparison between actual and expected growth, the development of profitability, a comparison with major competitors, any extraordinary events that have occurred, shareholders' equity as measured by the internal risk capital model and additional sustainability criteria.

The maximum target achievement level for the variable remuneration components has been set at 165 percent across the board. This means that, when assessing the target achievement level, the Supervisory Board can set the variable remuneration within a range from zero percent to 165 percent of the target remuneration. The possible value increase in the RSUs is also limited to a maximum of 200 percent of the grant price.

Company pensions

Board of Management members have been participating in a contribution-based pension system since January 1, 2005. Prior to 2005, the pension agreements for Board of Management members granted a fixed amount that was not linked to the development in fixed or variable remuneration. The entitlements under this plan were frozen at the end of 2004. Furthermore, Board of Management members are members of the pension fund (Allianz Versorgungskasse VVaG) and the support fund covered by indirect insurance (Allianz Pensionsverein eV). These cover the company pension for basic salaries up to the contribution assessment ceiling under the German statutory pension insurance system.

The contributions paid by the Company under the current pension plan depend on the duration of the Board of Management activities and are invested in a fund with a guaranteed annual minimum return. When the individual in question reaches retirement, the capital accumulated is converted into pension payments. An additional risk premium corresponding to 5 percent of the regular pension contribution is paid to cover risks relating to death, occupational incapacity or loss of earnings capacity. The retirement pension starts at the age of 60 at the earliest.

Board of Management members that are not managed in Germany participate in the corresponding company pension schemes of local AGCS companies (Switzerland, US, UK).

Remuneration in 2017

The total remuneration of the Board of Management of Allianz Global Corporate & Specialty SE for 2017 (including the 2018 Allianz Equity Incentive granted for the performance year 2017 and the notional annual accrual of the three-year-bonus for performance year 2017) totaled EUR 7.155 million.

Variable remuneration accounted for 58 percent of the total remuneration.

The structure of remuneration for risk takers

Within the meaning of the VersVergV, the term "risk taker" describes employees whose function has a material impact on the Company's overall risk profile. The remuneration principles that apply to risk takers are similar to those that apply to members of the Board of Management. Risk takers below Board of Management level, however, are more directly responsible for specific business units.

The remuneration system that applies to risk takers differs from that which applies to Board of Management members, as described above, in the following respects:

The performance-related (variable) remuneration consists not of three, but of two equally weighted components, namely the annual bonus and the Allianz Equity Incentives. Risk takers do not receive a three-year bonus.

The Allianz Equity Incentives awarded to risk takers feature an additional sustainability component. This means that 50 percent of the grant value can be adjusted by the Company once the black-out period has expired if the average achievement level of the risk taker's individual annual targets during the four-year black-out period is less than 75 percent.

Risk takers are also entitled to buy employee shares based on preferential conditions. Furthermore, the Company offers pension plans and salary conversion plans that help participants to save capital for their retirement provision.

Other than the differences set out above, the remuneration system for risk takers is the same as for Board of Management members.

In order to protect personal data, no information is provided on the remuneration data for risk takers.

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