

Version 4.0

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# Allianz Standard for Human Resources (ASHR)

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## Authorization:

The content of this document has been reviewed and approved as follows:

Version	Valid from	Authorized by Group Policy Team	Allianz SE Board Member	Management Board Committee	Taken notice by Allianz SE Board of Management
4.0	April 1 <sup>st</sup> , 2021		Renate Wagner		Scheduled June, 22 <sup>nd</sup> , 2021

## Executive Summary

- I. This *Allianz Standard for Human Resources (ASHR)* (“the Standard”) outlines rules and principles for Human Resources (HR) management within the Allianz Group.
- II. The HR value chain includes attracting, recruiting, training, engaging, assessing and rewarding employees as well as managing procedures when an employee leaves the company. Allianz’ Human Resources are all employees including all executives of Allianz Group companies. The Standard applies to the entire Allianz Group except Allianz Asset Management companies which are covered by own Standards aligning the general principles outlined in the Standard.

The Standard reflects the global setup of the Allianz HR function and is therefore binding for all Allianz entities. The Standard lies within the divisional responsibility of the Member of the Allianz SE Board of Management in charge of Group Human Resources.

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## A. Introduction

### I. Rationale and Scope of Application

1. The Standard establishes core rules and principles for Human Resources management and specifies the role of the Group's HR functions including its professional, organizational and procedural requirements.

The respective Allianz OE's Board of Management is requested to ensure adherence to the Standard within the OE and to communicate the Standard to all employees.

2. If the Standard or single items within the Standard are in conflict with **local law or regulations**, the local law or regulations will prevail. In this case, or if the Standard or single items within the Standard are in conflict with **local market practice or local business rationale**, the responsible local Head of HR shall inform the responsible global Head of the respective Product House and the Head of HR Platforms, Analytics & Reporting (HR-PAR). Both will then agree with relevant stakeholders on local, regional and Group level how the Standard should be applied and document any exceptions after consultation with H6-GHR/Legal & Works Council EU department. In the Standard, "employees" refers to all employees including all executives.
3. The Standard is supplemented by additional rules (see section in E. References).

### II. Authorization and Updates

1. Allianz SE's Member of the Board of Management with overall responsibility for Human Resources in the Group is the owner of the Standard. The responsibility for maintaining and updating this document has been assigned to H6-GHR/ Legal and Works Council EU department.
2. The Standard will be reviewed once a year. All material changes need approval by Allianz SE's Member of the Board of Management in charge of HR. The Board of Management of Allianz SE takes notice of all material changes.
3. The Standard is available on Allianz Connect Corporate Rules Book and applies as of April 1<sup>st</sup>, 2021.

## B. Principles for Human Resources management

The Allianz Group consists of numerous operating entities (Allianz OEs) in different countries. As a regulated financial services provider Allianz is dependent on highly skilled, engaged and reliable employees living Allianz' values. In order to provide a positive employee experience and to allow for mobility of its employees across functions, geographies and operating entities, Allianz strives for harmonized HR policies and processes across all operating entities.

The Allianz Group, therefore, requires fundamental principles in terms of evaluating, compensating, managing and developing employees. These will enable the Allianz Group to provide an appropriate balance of the interests of all relevant stakeholders, to enhance transparency and to align HR operations on local and Group level.

### **Mental Health & Well-being**

Employees are the core assets of the Allianz Group. The mental health and well-being of all Allianz Group employees are of the utmost importance. For Allianz, this not only includes treating all employees and their representatives (such as works councils, trade union representatives) with trust, dignity and respect, but also promoting the mental health and well-being of employees. To ensure this, the Allianz Group has committed itself to providing all employees worldwide with access to professional psychological support globally, if needed.

### **Discrimination & Harassment**

The Allianz Group does not tolerate discrimination or harassment in the workplace. This concerns in particular discrimination based on age, gender, race or ethnic origin, political attitude, religion, sexual orientation, disability or workers' representative activities. No tolerance to discrimination as a fundamental principle within Allianz Group explicitly included in the Allianz Code of Conduct, is incorporated in the entire HR value chain, particularly in the following processes: recruiting, talent management, professional development programs, career critical assignments and promotion processes. (leadership development).

No tolerance also applies to sexual harassment. Allianz Group understands sexual harassment to mean the following: "Sexual harassment is any unwelcome sexual advance, request for sexual favor, verbal or physical conduct or gesture of a sexual nature, or any other behavior of a sexual nature that might reasonably be expected or be perceived to cause offence or humiliation to another, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. While typically involving a pattern of behavior, it can take the form of a single incident. Sexual harassment may occur between persons of the opposite or same sex. Both males and females can be either the victims or the offenders."

### **Diversity & Inclusion**

The Allianz Group values diversity and inclusion as key to strengthen the succession pipeline and to foster innovation and enhance the quality of decision making. The diversity spans on gender, different ethnicities, countries of origin, sexualities and age ranges.

To foster gender equality, Allianz Group has committed itself to group wide objectives by ensuring target setting and measurements to foster gender balanced leadership teams.

It is the policy of Allianz Group to strive for equal pay for equal work and work of equal value of all employees regardless of gender, sexuality, ethnic background, family status or any other demographic factors and to foster a culture of inclusion and meritocracy within the regulatory framework of each market Allianz operates. Allianz Group is committed to closing all unjustified pay gaps during the year-end circle 2021/2022 at the latest. In order to achieve and maintain equal pay, the respective Allianz OE is

- Conducting an annual equal pay analysis
- Carrying out a bi-annual external audit/certification
- Taking part in the pay gap reporting e.g. to external indices

based on guidelines, tools, timeline, methods and formats specified by Group HR.

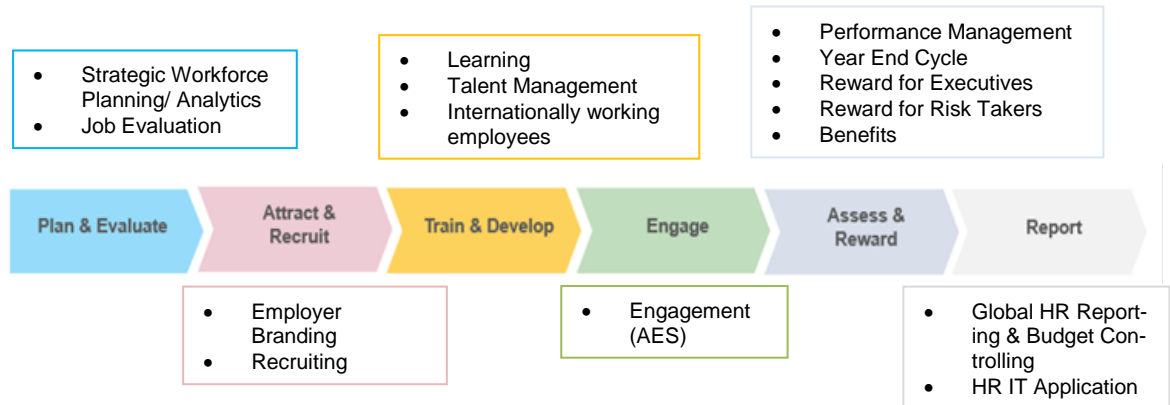
## **Inclusive Meritocracy**

Allianz Group has committed to a culture of Inclusive Meritocracy - where people and performance matter -as integral part of its Renewal Agenda. All HR processes shall support further driving a culture of Inclusive Meritocracy, including e.g. Talent Management as well as Reward & Performance.

In order to foster collaboration, the Allianz Group encourages career moves to other Allianz OEs within and outside the country of current employment and a general rotation into a new role after 5 years tenure. Job rotation is one of the best ways to enhance learning and growth as well as broadening one's skillset. Through job rotation employees interact with different parts of the organization, increasing organization wide collaboration.

## C. Processes for Human Resources

The diversity of the Allianz Group leads by definition to a diverse Allianz HR world. To manage our employees consistently over the HR value chain, the Allianz Group enforces the standardization of defined HR processes where it creates value across the Allianz Group. Further level of harmonization of HR processes is currently being developed and part of the HR transformation program (“HRT”). The following processes are covered in the HR Standard and are sorted along the following HR Value chain:



### I. HR Processes

Each HR process can be categorized as “global” or “local”.

- Global processes** are target operating processes, defined and designed by HRT in close collaboration with Center of Expertise teams. They are generally applicable for the entire employee target populations in all OEs, with some exceptions where they would only apply to the executive population or other employee segments. In general, they apply globally, unless adjustments are needed due to legal, fiscal and regulatory reasons in any given country.
- Local processes** are all processes out of scope of HRT and include processes like time and absence management as well as payroll, which are in full governance and control by each OE. Local processes are out of scope of this document.

### II. Global Processes

Global processes cover key HR matters of importance for the Allianz Group. They are owned by their respective functional owners, particularly Centers of Expertise. Any changes to those processes are assessed by the respective control body: A) HRT Design Committee (for all key decisions as part of the HRT design activities) and B) Change Control Body (to assess any change requests in regards to the HR IT core system as well as driving prioritization for implementation). Application of global processes is supported and provided by an HR IT global system.

#### Plan & Evaluate

##### 1. Strategic Workforce Planning & Analytics

In order to anticipate future workforce needs and prepare Allianz and its employees in a socially responsible way for the future, especially in light of external factors such as digitalization and automation, a global approach on Strategic Workforce Planning and Analytics is being developed with 4 main steps:

- Talent Segmentation: based on the global Talent Segment (TS) library, all positions existing are to be mapped to a Talent Segment. These TS are again hosting a collection of future proofed skills required for the positions.
- Supply calculation: using a “no hiring scenario” the supply of workforce is calculated for the next 5 years. This allows to quantify the hiring potential/need going forward.
- Demand calculation: based on different assumptions around volumes, productivities and initiatives, future workforce demand (FTE) per TS is calculated.
- Gap calculation: Using supply and demand data gaps are calculated in order to identify critical (quantitative and qualitative) TS. Derived from these gaps, actions on recruiting, retention and reskilling have to be developed. For the population staying (supply) in the company upskilling actions are to be planned.

This planning process is part of the business planning cycle and is part of the HR and Strategic Dialogues. Special attention is to be paid on the concrete actions planned for the current year for closing gaps and upskilling employees.

## 2. Job Evaluation

Allianz provides employee segmentation through the job evaluation process. Job evaluation is an objective assessment of the relative value of a job within Allianz Group and not of the incumbent or individual. The job evaluation process provides a common language for understanding position content and level and is the foundation to establish many HR programs and processes.

To ensure comparability of position levels, known as “AZ Clusters”, Allianz applies a consistent methodology and process throughout the Group<sup>1</sup>. The Allianz OE Boards of Management and local Compensation Committees must ensure sound organizational and operational structures and procedures to comply with the AZ Group approach.

Completing the job evaluation process is a pre-condition for efficient global platform with a common HR IT landscape. It must be initiated for any OE with Allianz Senior and Global Executive positions unless an approved exception (via global RP CoE/GCC) is in place. For other positions (Allianz Executives and below) it must be completed in line with the global HRT roll-out plan. In case of a (i) re-organization, (ii) substantial change in position scope or (iii) new position, review of any new or impacted existing positions must be initiated at next possible event, at the latest within 12 months.

Mandatory input provided to the person in the HR community who conducts the job evaluation process must be confirmed by the line manager (or higher).

Job evaluation is an HR-internal process and may result in a grade or cluster outcome. However, vis-à-vis employees and managers only the respective AZ cluster shall be communicated. Grades are not communicated outside HR.

<sup>1</sup> The Allianz Cluster System represents the standard Towers Watson (TW) methodology interpreted according to Allianz specifics.



## Attract & Recruit

### 3. Employer Branding

Employer Branding aims to position Allianz as the employer of choice for top candidates around the world. The ultimate goal is to attract the best amongst the suitable ones. A consistent Employer Branding focusses on speaking with one tone, voice and look & feel towards candidates instead of showing different content, visuals and messages depending on the OE.

Employer Branding at Group level refers to the following standards, processes and procedures:

- Employer Value Proposition (EVP): All OE Employer Branding/HR-Marketing efforts have to leverage and comply with the Allianz Group EVP “We care for tomorrow” and its related internal/external communication claims as approved by Allianz SE’s Board of Management.
- [careers.allianz.com](https://careers.allianz.com): The platform [careers.allianz.com](https://careers.allianz.com) contains not only all open jobs Allianz Group offers but also represents Allianz Group as an attractive employer to candidates worldwide. This channel serves as the main entry point for candidates that want to apply at Allianz – no matter at which entity. Instead of confronting candidates with an overview of all OEs the platform presents Allianz as one employer of choice with multiple career opportunities – in many countries, functions and at various OEs. OEs onboarded onto the platform have to comply with the platform’s visual and content strategy based on Allianz Group’s EVP to keep this “one face to the candidate” approach.
- Social Media: OEs maintaining local social media channels have to use the existing templates and assets to comply with the overall Employer Brand guidelines outlined in the global EVP Handbook to ensure one consistent look and feel when it comes to represent Allianz as an employer of choice

### 4. Recruiting

Recruiting at Allianz aims to hire the right talent at the right place at the right time – both internally and externally. It refers to all jobs which are published on either the internal or external Allianz job market. The recruiting function is responsible to ensure a great candidate experience at all candidate touchpoints, no matter if they are digital or human-based.

Standards at Group Level include:

- Job Ads/Descriptions:
  - Use of Allianz Group’s standard note for diversity and inclusion in all internal/external job ads:
    - “Allianz is an equal opportunity employer and therefore welcomes applications regardless of ethnicity or cultural background, age, gender, nationality, religion, disability or sexual orientation”
  - Use of Allianz Group’s standard note for supporting mobility in all internal/external job ads for AE+ population:
    - “Diversity of minds is an integral part of Allianz’ company culture. One means to achieve diverse teams is a regular rotation of Allianz Executive employees across functions, Allianz entities and geographies. Therefore, the company expects from its employees a general openness and a high motivation to regularly change positions and collect experiences across Allianz Group.”
- Internal vs. external hiring: In filling open positions, among candidates with comparable qualification, the Allianz Group seeks to give priority to internal candidates.

- All positions up to ASE level are to be posted on the global internal and external online job market using Allianz Group's standard recruiting system.
- All open positions on ASE level without exception need to be reported to the Global Talent Brokerage Team allocated in People Product House (via [talentbroker@allianz.com](mailto:talentbroker@allianz.com)). The respective OE is responsible for submitting relevant information about the position in a timely manner.
- For all candidates Allianz Group's People Attributes (Customer & Market Excellence, Collaborative Leadership, Entrepreneurship, Trust) are to be used during the candidate's screening/assessment.
- For all leadership positions, Allianz Group's Leadership Mindset criteria are to be used during the candidate's screening/assessment.

## Train & Develop

### 5. Learning

The Allianz Group fosters personal and professional skills and leadership skills as well as digital skills and technical expertise, and is committed to employees' lifelong learning and development. Several global measures are in place under the umbrella of AllianzU to ensure employees and leaders are able to develop through formal and informal learning.

- LinkedIn Learning: all Allianz employees have unlimited access to LinkedIn Learning to learn and develop skills on all topics of interest to them.
- The AllianzU Learning Platform (Degreed) will combine all Allianz Learning offers under one umbrella, allowing employees to access all Allianz content and offers alongside curated, high-quality content from the web on one single platform
- #lead Allianz Leadership Passport: the training to obtain the minimum required skills needed to lead people at Allianz, regardless of level, experience or location of the respective manager.

### 6. Talent Management

The Allianz Group applies a consistent talent management process based on the following principles:

- Individual performance assessments considering both the "what" and "how" of performance against a defined set of behaviors ("People Attributes"). "4 x 3 People Attributes" determine the expected behavior for people management and ensure consistency and transparency across the Allianz Group
- The potential of an employee is assessed based on "Learning agility" - consisting of mental, people, change and results agility - in combination with their ambition and aspirations.

To ensure every Allianz employee can stay employable and/or develop in current role or towards a new future role, each employee is responsible for and owns their Personal Development Plan which is a globally designed tool to reflect on- and off-the-job development actions according to the three global career tracks management, expert and project management.

Allianz executives (AE, ASE, AGE) are in scope for two yearly structured talent reviews – Talent Discussion (focus on succession and nomination to mitigate the risk) and Performance & Talent Dialogue (focus on actions):

- Talent Discussions (formerly called "CDCs"): In order to develop potential successors timely and foster mobility, each OE runs fact-based and action-oriented panel meetings discussing employees' development with focus on succession development and mobility. These include identifying potential successors (both internal and external) for succession plans for Allianz executives and other critical roles, developing them in-house

and supporting them on their career development. Additionally, the discussion also focuses on mobile candidates looking for a new opportunity in another function, OE or country, candidates longer than 5 years in position to check their appetite for mobility and international assignees whose assignment is expiring in the upcoming 18 months. Managers and HR record the outcome of the discussion in the HR IT Success Factors<sup>1</sup> and managers provide feedback to the employees discussed.

- As outcome of the above mentioned Talent Discussions, identified potential successors for next higher cluster positions may be nominated as Potentials for AE, ASE or AGE clusters. When it comes to Potential ASE and Potential AGE, the nominees undergo a globally designed Development Centre for ASE (steered at global level and run by OEs) or a Global Assessment (fully steered and run at global level).<sup>2</sup> For P AE Development Centres are steered and run by OEs. Global guidelines for AE Development Centres are in place. Additionally, the Global Talent Brokerage Team supports filling executive positions with talents from within the Allianz Group.

<sup>1</sup> Exceptions on the use of SuccessFactors apply to certain OEs, refer to HR IT Applications

<sup>2</sup> Depending on Workers Council approval in some OEs talent discussions may include non-executive employees being nominated as potentials for AE. Identified candidates undergo a designed assessment for AE cluster.

Performance and Talent Dialogue: a panel discussion to agree on possible development, retention and /or consequence management actions for executives, based on their individual performance assessment (prepopulated with managers ratings) and their potential identification (prepopulated with potentials as already identified in Talent Discussions). Succession planning, assessments/fit & proper checks and promotions for AGE CEO positions, identified Board and Group Centre Head positions are centrally managed by the Allianz SE Board with support and coordination from Group Executive Pool.

## 7. Internationally Working Employees

Income tax and social security compliance are crucial for international mobility within Allianz and internationally working employees. For employees covered by a formal international assignment agreement processes are already in place through the Allianz Global Mobility Rules owned by Allianz SE Global Mobility team. All Allianz OEs, Global Lines and their subsidiaries, branches and affiliates worldwide must adhere to these rules. However, it is essential that all OEs ensure compliance for other employees working internationally, i.e.

- Frequent business travelers
- Permanent establishment / branch employees: employees working for a permanent establishment or branch on one country and travelling occasionally to the headquarter in another country (e.g. AZ SE, AGCS, AGI, Allianz Technology, Euler Hermes, Allianz Partners, ARE, etc.)
- Multiple responsibilities / Global roles employees
- Foreign local hires: employees with a local contract in one country and family/center of vital interest in another country

As to ensure compliance and to mitigate the risk of personal liability for the management, Allianz SE developed both proper processes and solutions and an implementation set up in the Group globally. The processes are to ensure a clear allocation of responsibilities with respect to all social security and HR related tax issues. These processes will be implemented effectively and efficiently at local level by all OEs and Global Lines.

## Engage

### 8. Engagement

The Allianz Engagement Survey (AES) is to measure employee engagement and to foster the follow-up activities with a view to enhancing employee engagement and to raising the overall business performance of the Allianz Group. All employees who have been with an Allianz company in an active capacity on August 1<sup>st</sup> and who meet the global participation guidelines are invited to take part in the AES. Local exceptions are granted to be excluded from participation (e.g. PIMCO). To guarantee transparency of the AES results, managers are to communicate the results to their respective employees, discuss its findings and develop suitable follow-up steps.

One part of the AES is the Inclusive Meritocracy Index (IMIX). It measures our progress in building a culture where both people and performance matter, as we seek to enable employees to unlock their full potential. The Inclusive Meritocracy Index (IMIX) – our key measure of cultural change. Additionally, there are two other key indices WWI+ (Work Well Index Plus), which measures work related health within Allianz and employee engagement is measured through the EEI (Employee Engagement Index).

## Assess & Reward

### 9. Performance Management

'Inclusive Meritocracy' is a key pillar of Allianz' strategic Renewal Agenda. Amongst other initiatives this has led to a consistent understanding of performance and how this is measured within the Group. Namely that Allianz considers equally business performance (measured quantitatively) and individual performance (assessed qualitatively). All executives must follow a consistent process which includes the key steps of:

- Agreement of individual priorities which must not encourage excessive risk taking
- Mid-Year Check-In
- Multi-rater feedback process
- Year End Performance Assessment
- Performance Review

The assessment of the individual performance is carried out by the line manager and takes place in the fourth quarter of each year. This comprises:

- The "What" of performance considering individual priorities and other contributions
- The "How" of performance against a defined set of behaviors ("People Letter"). The assessment shall be based on multiple input factors, such as the observations by the line-management and other performance feedback such as the multi-rater feedback.
- Holistically overall combining "What" and "How" in the overall individual performance relative to expectations.
- These aspects are assessed as follows: above, at or below target.

Following the assessment by the line manager the individual performance is calibrated (relatively) within the relevant scope of managerial responsibility – this is typically an iterative process. During this process, ratings are compared against a "soft guidance of 20% for above target" which indicates how ratings should ideally be distributed. This ensures the application of consistent performance standards and an appropriate level of differentiation. The discussion and cross-comparison take place in a so called Performance and Talent Dialogue with close attention to non-discrimination of colleagues in any regards.

The managerial performance assessment forms the basis for individual feedback to the incumbent which shall enhance individual performance as well as the annual award of variable compensation. The feedback discussion between evaluating line manager and evaluated employee shall normally take place in Q1 and shall seek a common understanding of accomplishments and development opportunities.

Every assessed employee's performance review needs to be documented within the HR IT system (SuccessFactors).

## 10. Year-End Cycle

Allianz's Year-End Cycle (YEC) is the key on-cycle process for managing the employee's compensation and links compensation decisions to the performance review outcome in order to determine the Actual Total Direct Compensation (ATDC) for the previous performance year and a potential Target Total Direct Compensation (TTDC) increase for the coming year.

All Off-cycle increases are to be avoided but may be implemented outside of the normal on-cycle period. Any off-cycle increases or payments made must fall within and must be funded via the relevant annual budget.

## 11. Reward for executives

The compensation principles are set out in section B II of the Group Remuneration Policy. In addition to those principles the following shall apply:

- a. Market Position: For executive compensation, the Allianz Group's positioning relative to the market is defined by:
  - Base salary around median.
  - Total Target Direct Compensation, TTDC (total annual cash compensation plus the annualized value of long-term incentives) generally slightly above median. A range of +/- 20% from the median TTDC is defined as the permissible range.
- b. Benchmarking: Executive compensation is to be based on regular benchmarking with peers in the relevant industry and based on a TTDC approach. In general, the local financial services industry forms the peer group or any other industry competing for personnel. Where appropriate, the regional market may also be considered.
- c. Pay Mix: Executive compensation comprises a mix of fixed and variable compensation. TTDC increases are to be made within the pay mix. With each increase, the appropriate allocation to fixed and variable compensation components is to be supported or maintained.
- d. Hiring principles:
  - Incumbent shall only be hired on a graded position. A compensation package must not be committed with the incumbent until the compensation package is finally approved.
  - Hiring related one-time payments such as Sign-on and Buy-out bonus or guarantees may only be granted to new hires with an indefinite contract or a mandate greater than two years. All one-time payment arrangements must be capped. Guarantees of variable compensation shall be given in exceptional circumstances only and are limited to the first year. Any commitments in addition to TTDC (e.g. allowances like housing, cars, schooling, tax consultancy etc.) are generally to be limited to 2 years. Allianz does not offer currency protection.
- e. The complete hiring package, including any one-time payments and special allowances, is to be outlined exclusively in the service or employment contract.
- f. Allianz Group conducts an annual compensation review: This includes determining Actual Total Direct Compensation (ATDC) for the previous performance year and any adjustments to Target Total Direct Compensation (TTDC) for the coming performance year.
  - Actual Total Direct Compensation (ATDC) determination: The actual total direct compensation amount is determined in the annual year-end cycle process depending on overall individual and company financial performance and budget factors. The actual total variable compensation amount is capped at 150% for AGE and ASE board members with a reporting line to AGE positions or at 165% for other ASE or AEs<sup>1</sup>. Variable compensation may comprise cash bonus and equity dependent on level of seniority.

- Target Total Direct Compensation (TTDC) determination: During the year-end cycle process the TTDC is reviewed based on internal and external market factors considering individual performance and available budgets to determine if an increase is appropriate
- One-time Awards: For executives it is possible to provide additional financial recognition for top performers and key employees based on defined eligibility criteria (HR RP Handbook).
- Termination payments: Termination must not reward failure. Any termination related payment takes performance into account.

Group-wide or local variable compensation plan conditions are to be strictly followed.

<sup>1</sup>In cases of truly exceptional performance the responsible Compensation Committee has the discretion to exceptionally extend the cap up to a maximum of 200%.

Subject to applicable laws and regulations, severance or other payments as part of leaver packages must only be granted to compensate for loss of employment/office through redundancy and to mitigate social impact. In no case shall severance payments be made in cases of termination for cause, bad performance, misconduct or voluntary termination. Exceptions may apply, e.g. in cases of settlement of legal claims, early retirement cases or contractual obligations.

## 12. Reward for Risk Takers

The principles for risk taker compensation are set out in the Group Remuneration Policy. In addition the following applies:

An employee who becomes a risk taker or ceases to be a risk taker during a performance year is treated as risk taker for the entire performance year.

For newly appointed risk takers who are senior executives as defined in the Group Remuneration Policy the pay mix has to comply with the required regulatory standards from the date he assumes his risk taker role.

In case the risk taker status ceases during a performance year the compensation including AEI grants remains subject to the risk taker specific rules as set out in the Group Remuneration Policy for the whole performance period (no pro rating of risk taker conditions).

Upon termination of a risk taker no commitment shall be made to accelerate vesting or payment of any deferred compensation. The same shall apply to a person who was a risk taker for the portion of deferred compensation she/he earned as a risk taker.

## 13. Benefits

In addition to the compensation package employees may receive benefits which include retirement and health protection as well as other long-term perquisites. Benefits are based on local market practices and the relevant business strategy. Wherever legally possible and practicable, employees should be allowed to customize their benefits - within certain parameters - to reflect their own personal needs. Furthermore, OEs shall encourage additional employee contributions where appropriate and without adding further risk to the OE. On a country level, the Allianz Group seeks to offer the same benefits at all Allianz OEs.

The Allianz Group offers a broad based Employee Share Purchase Plan (ESPP) within certain legal, tax and financial constraints, subject to the yearly approval by the Board of Management of Allianz SE.

Employer guarantees for benefit or pension plans shall be kept to a minimum. Therefore, subject to local law, new defined benefits plans shall not be offered and existing defined benefits plans shall be replaced by a contribution based plan.

## Report

### 14. Global HR Reporting & Budget Controlling

For steering purposes, HR figures are gathered and reported at Allianz Group level on a regular basis, to be used both internally and externally<sup>1</sup>. The following global HR reporting activities are in place:

- Global HR Metrics: allows Allianz to derive strategic decisions to steer the HR business and to drive its workforce by means of a uniform data-gathering process.
- Women in Leadership KPIs: are defined KPIs to track set targets around women in leadership positions and potential pools.
- SuccessFactors Workforce Analytics (SFA): supports Allianz to analyse relevant HR Metrics by dimensions related to time, organization, location based on workforce structure, mobility and learning data.
- Global HR Function Budget Controlling: allows Allianz to maintain transparency on global HR functions e.g. in evaluating HR costs, to allocate resources and to meet regulatory requirements.

Furthermore, overall Allianz HR spend and People Management KPIs are being discussed on a regular basis in the HR Executive Committee.

<sup>1</sup>Allianz publishes key HR figures in the following externally available documents: Annual Report, HR Fact Book and Allianz Sustainability Report.

### 15. HR IT Applications

SuccessFactors is a target HR IT core global system, which is currently being rolled-out to all Allianz Operating Entities in scope of HRT. In addition to SuccessFactors, another core HR IT solution is SAP eRecruiting, used for global internal and external job market. eRecruiting will be used until recruiting functionality is designed as part of the SuccessFactors suite (and to be rolled out as part of HRT). Current overview of the SuccessFactors suite:

- Employee Central
- Performance management
- Compensation management
- Talent management
- Learning management
- Workforce Analytics (SFA)

SuccessFactors modules which are currently in design:

- On-boarding
- Recruiting
- Career Site Builder (CSB)

Service descriptions and pricing models for HR IT applications and related shared services are provided by Allianz Technology as set out in the Allianz Procurement Standard. In such cases HR Platforms, Analytics and Reporting must be advised of any change.

Any exceptions related to HR IT rules have to be discussed with the Head of HR PAR

## D. Roles and Responsibilities

This section describes the main roles and responsibilities for Allianz' HR.

### I. Allianz Group Level

#### 1. Board of Management of Allianz SE (AZ BoM)

The AZ BoM will take notice of the Standard and future updates. The AZ BoM approves the Global HR strategy and compensation-related tasks such as:

- Allianz Group Fit and Proper Policy
- Allianz Group Remuneration Policy
- Group Compensation Committee Rules of Procedure
- AZ SE Annual Report - Remuneration Report

Within the AZ BoM, the Board Member in charge of H6 has been assigned the responsibility for HR.

#### 2. Chief HR Officer (CHRO)

The CHRO leads Group HR at Allianz SE. The responsibilities of the CHRO include:

- Setting and implementing the global HR agenda for the Allianz Group
- Steering global HR governance
- Establishing and running the global HR community
- Coordinating global HR activities
- Chairing the meetings of the HR Executive Committee (ExCo)
- Driving HR interests in the Group Pension Task Force
- Monitoring OE adherence to the Group Fit & Proper Policy and Group Remuneration Policy
- Monitoring OE adherence to the HR Standard
- Nominating, together with the respective CEOs, Heads of HR at Allianz Group companies
- Signing-off the grade of a Local Head of HR
- Driving global HR Transformation and Strategic Workforce Planning projects

The CHRO reports to the Allianz SE Board Member in charge of Group Human Resources.

#### 3. HR Executive Committee (HR ExCo)

The Group HR Executive Committee (HR ExCo) is a functional Committee and decision body of Allianz SE approved by the Member of the Board of Management in charge of HR. The members of the HR ExCo are the CHRO (chair) and Heads of HR of selected OEs and Global Lines. Key objectives of the HR ExCo are:

- providing global HR steering on HR topics
- preparing global HR strategy and priorities
- supporting management of Allianz' Human Resources function towards OEs through implementation and execution of decisions in all Allianz OEs

Further responsibilities of the committee and details are set in the "Rules of Procedure for the Group HR Executive Committee (HR ExCo)" available on Allianz Connect.

#### 4. HR Business Partners

HR Business Partners are embedded in the local organizations and are ultimately responsible for the delivery of HR for the business. They act as senior consultants to the business. Respective Head of HR of an OE is the Head of the respective local business partners.



## 5. Product Houses

The following globally organized Product Houses have been established and replace the HR Expert Communities:

- Reward & Performance
- People

The global Heads of Product Houses have a strong functional responsibility for all employees globally working in their areas of responsibility.

Delivery of services will happen regionally/ locally.

Main responsibilities of Global Product Houses are:

- Providing subject matter expertise, advice, service and guidance to local Product Houses
- Lead development of expert strategy, including development & design of global policies and processes
- Get sign-off for global processes from respective governance bodies
- Execution of global processes for respective population in scope
- Monitor adherence to and report on progress of functional guidelines by OEs

## 6. Central HR Sub-Functions

In addition to the Product Houses, two central HR sub-functions, directly reporting to the CHRO, support the business in the topics:

- Top Executive Development (function: H6-GHR/Group Executive Pool)
- Employment/Labor Law & Industrial/Employee Relations (function: H6-GHR/Legal & Works Council EU)

## 7. HR Platforms, Analytics and Reporting (HR PAR)

The HR sub-function consists of

- HR Global Platforms Management
- HR Analytics and Reporting
- HR Finance

HR PAR is responsible for safe guarding the global HR Operating Model, core HR IT platforms management, change control process, HR risk governance and monitoring, HR reporting & analytics framework and implementation, coordination of the global metrics process and reporting.

## 8. Group Compensation Committee (GCC)

The GCC comprises members of the Board of Management of Allianz SE, a control function and HR representatives.

The responsibilities of the GCC are set out in the “Rules of Procedure for the GCC”.

## 9. Global Inclusion Council

The Global Inclusion Council comprises members of the Board of Management of Allianz SE, Allianz OE business leaders and HR representatives. The Council acts as a sounding board, and develops recommendations for the Group to correct potential imbalances in terms of diversity and inclusion at both leadership and employees level. The Council acts as ambassador to promote the business rationale and importance of diversity and inclusion within Allianz.

## 10. Group Pension Task Force

The Group Pension Task Force aligns pension related topics in preparation of required decisions in the Groups Finance, Risk, Compensation, Capital and/or M&A committees.

## 11. HRT Steering Committee

The HRT Steering Committee is a sub-committee of the HR ExCo and sponsor of the HRT program. It comprises respective representatives from HR departments with global responsibility and Allianz Technology and is led by the respective BoM for HR. The committee has the following main responsibilities:

- HRT Program sponsor, sign off implementation decisions in relation to global HR operating model, receive and review HRT 2.0 status updates, approve major changes (entity scope, scope, timeline),
- Provide input to the development of the program, including strategy and evolution
- Advise on program priorities
- Approve business cases and advise on the budget
- Final escalation tier for any change request, mitigate identified risks and find solutions for roadblocks
- Sign off implementation decisions relating to the target HR operating model

## 12. Change Control Body

The Change Control Body is owned by the Group HR Global Platforms Management and consists of various operational and functional representatives from Group HR, HRT and AZ Technology who assess the impact of any change requests on the HR global operating model for the OEs in scope of HRT.

## 13. HRT 2.0 Design Committee (applicable only until the end of the design phase of HR Transformation)

The HRT 2.0 Design Committee consists of selected HR Heads from various OEs and HRT work stream leads. Its aim is to sign off newly designed global processes, policies and technology, to be rolled out by HRT.

## 14. Employee representation

Employee representation committees are established in many Allianz OEs. At Group Level there are the following committees:

- **(European) SE Works Council:** The SE Works Council is a legally required representation of employees of Allianz SE and its subsidiaries with registered offices in the member states of the EU, the contracting states of the EEA, UK and Switzerland. The SE Works Council is responsible for representing the interests of the Allianz employees in Allianz Group matters which affects at least two European countries (Cross-Border-Matters).
- **Social Dialogue:** The Social Dialogue is a regular meeting between the CHRO, local HR directors of several Allianz OEs and Global Lines and the Executive Committee of the SE Works Council and employee representatives of the Supervisory Board of Allianz SE. The topics being discussed in the Social Dialogue are fundamental HR matters with impact on employee interests at European level and overarching topics linked to Allianz culture. The Social Dialogue shall be deemed to act as an innovation generator discussing a future working environment taking into consideration changes of the Allianz business model.

## **II. Allianz OE Level**

### **1. OE Board of Management**

The Allianz OE Board of Management must ensure sound organizational and operational structures and procedures to comply with the rules and principles set out in the Standard. The responsibilities are to:

- Implement and ensure compliance with the Standard in their area of responsibility
- Define and establish their local standards for HR in compliance with the Standard
- Communicate the Standard within the OE
- Inform Group HR in case the Standard is in conflict with local law or conflicts with local market practice or business rationale
- Implement HRT

### **2. Local Compensation Committee**

The local Compensation Committee is governed by Allianz Group Remuneration Policy D.II.2.

### **3. Local Head of HR**

The local Head of HR is the most senior business partner of an OE with the responsibilities outlined above in the chapter “business partners”. In addition, he needs to

- Ensure global HR IT platforms are used and processes are applied
- Escalate global HR decisions and information at local level
- Coordinate expert approval (e.g. Finance Committee, Risk Committee, local legal function), in particular when implementing a compensation or benefits plan
- Implement HR items as described in the Standard within the OE
- Annually certify compliance to the Standard - specifically to the items related to compensation an risk takers, set by relevant laws and regulations
- Implement the results and changes from HRT
- Implement and execute processes for internationally working employees based on Group Framework

In the regions Central & Eastern Europe (CEE) and Asia Pasific, in addition to the local Head of HR, there is also a regional Head of HR who exercises a coordination role between the respective individual local Heads of HR.

## E. References

The Standard is supplemented by the “Allianz Code of Conduct” and additional documents governing specific HR topics.

### Policies

- Allianz Group Fit and Proper Policy (GFPP): the regulatory requirements for the fitness and propriety of the Allianz OE’s senior management and key function members according to Solvency II are dealt with in a separate document. The GFPP is relevant mainly for HR topics such as recruiting, reviewing and evaluating executives. The standard complies with the Allianz Group Fit and Proper Policy.
- Allianz Group Remuneration Policy: the regulatory requirements for the remuneration system of the Allianz OE’s senior management, key function members and risk takers according to Solvency II are dealt with in a separate document. The Group Remuneration Policy is relevant mainly for remuneration topics such as performance management, target setting principles and compensation plans such as the Allianz Sustained Performance Plan. The standard complies with the Allianz Group Remuneration Policy.

### Corporate Document

- Rules of Procedure for the Group Compensation Committee

### Documents pertaining to the (European) SE Works Council

- Agreement concerning the Participation of Employees in Allianz SE
- Agreement on Guidelines concerning Lifelong Learning
- Agreement on Guidelines concerning Work-related Stress
- Joint Declaration on Telework

**Further globally relevant HR Documents are available at**

[HR Operating Model | Allianz Connect](#)

## Index of terms and abbreviations used

Abbreviation / Term	Description
<b>AE</b>	Allianz Executive (Allianz Grading System 13-15) Allianz Executive is one of the executive clusters covering positions below Allianz Senior Executives.
<b>AEI</b>	Allianz Equity Incentive: granted in the form of Restricted Stock Units (RSU) of Allianz SE with a four year vesting period. The RSU are virtual stock without dividend payments.
<b>AGE</b>	Allianz Global Executive (Allianz Grading System 18-22) Allianz Global Executive is one of the executive cluster covering positions above Allianz Senior Executives. Typically, Board Members of the flagship companies, CEOs and global functional heads might belong to this cluster.
<b>Annual Report</b>	Legally required report on Allianz Group business activities for the preceding fiscal year.
<b>ASE</b>	Allianz Senior Executive (Allianz Grading System 16-17) Allianz Senior Executive is one of the executive clusters covering positions below Allianz Global Executives and above Allianz Executives.
<b>ATDC</b>	Actual Total Direct Compensation (ATDC): The actual compensation paid out to the employee once final performance (individual and company) has been calculated and applied against the targets for variable compensation. ATDC can be more or less than TTDC for a given year.
<b>BD</b>	Business Division
<b>Benefit</b>	Various values delivered to the employee under their employment or service contract which are not deemed compensation. Benefits are generally determined by local custom, practice and employment law but aim consistency within a country to not hinder mobility. Benefits include retirement benefits, death and disability protection and other long term perquisites.
<b>Buy-out bonus</b>	Payment or award which may be agreed at hiring to compensate for a forfeiture / loss as a result of resignation from the previous employer (e.g. an unvested long-term incentive) upon proven loss/forfeiture in writing and with provision of appropriate supporting plan documentation.
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CHRO</b>	Chief Human Resources Officer at Allianz SE / H6
<b>CIO</b>	Chief Information Officer
<b>Company ceiling</b>	As part of the Grading approach, a ceiling is established for the most senior position in each qualifying OE – i.e. the Grade of the respective CEO.
<b>Compensation</b>	The monetary reward provided to an employee typically includes fixed compensation and other elements plus variable incentives such as bonus.
<b>Compensation plan</b>	Any compensation plan or program that has a life of more than one year and in which any eligible Allianz employee participates (other than pension and benefit plans). This may be offered globally, regionally or locally, across or within Business Divisions operated by any OE of the Group. This includes executive compensation plans, equity compensation plans, cash compensation plans, or local & business-specific compensation plans.

<b>COO</b>	Chief Operations Officer
<b>Deferred award Deferred compensation</b>	Any award which is eligible to be paid at a date later than grant. Typically there are criteria under which deferred awards may or may not finally be paid.
<b>Employee</b>	An individual who is in employment with a member of the Group and on the payroll of any OE, i.e. contractors, consultants, advisors or leased employees are not considered being in employment. Refer to all employees including senior and global executives.
<b>Equity plan</b>	Any compensation plan under which awards over Allianz equity, including stock options, SARs, Allianz shares, performance shares, RSUs are granted.
<b>ESPP</b>	Employee Share Purchase Plan is a broad based employee stock purchase plan.
<b>Executive</b>	Defined globally via the job evaluation process and pertaining to : <ul style="list-style-type: none"> <li>• Allianz Global Executives (AGS 18-22),</li> <li>• Allianz Senior Executives (AGS 16-17) and</li> <li>• Allianz Executives (AGS 13-15).</li> </ul>
<b>Fixed Compensation</b>	Includes a market competitive base salary reflective of the responsibilities of the role and any additional fixed allowances.
<b>Job Evaluation</b>	The job evaluation process establishes the relative value of positions within the Allianz Group based on the Towers Watson methodology. The positions - not the position holders - are graded based on a globally applicable, cultural neutral methodology which takes into account Allianz specifics while assuring market comparability.
<b>Group executive pool</b>	All AGE position holders and all ASE with potential or future potential status.
<b>Group HR</b>	Group Human Resources at Allianz SE.
<b>HR Fact Book</b>	Publication of key HR figures for the Allianz Group.
<b>HRT</b>	HR Transformation Project.
<b>HR Metrics</b>	Standardized group-wide HR definitions and figures.
<b>HR PAR</b>	HR Platforms, Analytics and Reporting
<b>Learning agility</b>	An individual's eagerness and ability to learn and grow from experience and successfully apply that learning to be resourceful in facing change by developing new behaviors and attitudes.
<b>Local Head of HR</b>	Head of HR Business Partners within an Allianz OE and Global line.
<b>OE</b>	Operating Entity.
<b>Pay mix</b>	Balance between fixed and variable, short term and long term, cash and equity based compensation components.
<b>Performance management</b>	A managerial process which consists of annual target setting, review and monitoring of performance, an annual performance assessment and feedback.
<b>Retention payment</b>	A payment made to encourage employees not to leave the Group.
<b>Risk Taker</b>	Risk Takers are defined as persons whose actions may have a significant impact on the company's risk profile, these are employees with a profit and loss responsibility and the respective authority to assume risks, including strategic risks, on behalf of the company.

<b>Severance payment</b>	A payment made relating to the termination of employment following termination by the employer. This may be governed by legal or contractual obligations or may be subject to individual agreement.
<b>Sign-on bonus</b>	A one off payment made to attract candidates to agree to accept an offer of employment.
<b>SOE</b>	Significant OE according to the Group Remuneration Policy.
<b>Sustainability report</b>	Report on the Allianz Group's most important sustainability initiatives.
<b>Talent category</b>	The combination between a certain level of sustained performance and a certain level of potential.
<b>Talent Discussions</b>	Fact-based and action-oriented panel meetings discussing employees' development with focus on succession development and mobility.
<b>Total reward</b>	The Group's definition of total reward includes monetary and non-monetary components.
<b>TTDC</b>	Target Total Direct Compensation: Total annual Fixed Compensation plus the annualized target value of variable compensation. TTDC is communicated to the employee as a target amount and not as a percent of base salary. TTDC is used as a reference for compensation and benchmarking purposes.
<b>Variable Compensation</b>	Includes short- and long-term compensation that is tied to individual and company performance targets and may also be called "pay at risk". The amount of the payout for a given performance year may vary and is not guaranteed.

## Annex: Pay Mix Structure as of 01.01.2020

Cluster	Grade	TTDC Pay Mix Guideline (in % of TTDC)		Mandatory Variable Compensation Split	
		Fix (%)	Variable (%)	Annual Bonus (%)	AEI / RSU (%) *
Allianz Global Executive	22	30 – 40	60 – 70	40	60
	21				
	20	40 – 50	50 – 60	50 – 66	33 – 50
	19				
18	65 – 75	25 – 35	100 or 50 – 80 **	0 or 20 – 50 **	
17					
Allianz Senior Executive	16	50 – 60	40 – 50		
	15				
Allianz Executive	14				
	13	75 – 85	15 – 25		

Mandatory Pay Mix Guideline for all AE+ with enough leeway to reflect local market conditions



## Document Information:

Document:	
Author(s):	Claire Henault, Ariane Klinger, Richard Schönwerth
Contact Person(s):	Ariane Klinger, Richard Schönwerth
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