



# Annual General Meeting of Allianz SE on May 4, 2022

Supervisory Board Report

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Chairman of the Supervisory Board of Allianz SE

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The report delivered at the Annual General Meeting may differ from this preliminary version, especially to reflect developments occurring in the intervening period. The valid version is the one delivered to the Annual General Meeting.

Dear Shareholders,

On behalf of the entire Supervisory Board, I would like to welcome you to our Annual General Meeting, which, due to circumstances related to the pandemic at the time of the decision to convene, is this year again being held virtually. In order to improve the quality of our dialogue with you, the Management Board has made some changes compared to last year's format.

For example, video statements could be submitted in advance, and these (or at least some of them) will be played back during the meeting today. There will also be an opportunity to submit follow-up questions on questions submitted in advance. I will give more details on this later.

Before I present my report, I would like to make a few preliminary remarks.

We are now in the third year of the pandemic. And it has been a real rollercoaster, with hopes for a return to normality followed by disappointments with the arrival of new infection waves. The development of inflation and supply chain disruptions are also worrying.

Alongside geopolitical disputes not only between the USA and China, but also in other parts of the world, we have also seen a global consensus towards climate protection entailing wide-ranging transformational consequences. And all these changes demand huge efforts on the part of the people, companies and politics. A mood of optimism began to spread and then came the aggression by Russia in Eastern Europe, which the West has, to an extent, had to sit and watch somewhat helplessly.

The unprovoked invasion of Ukraine has left us shocked and the fate of the many people who, through no fault of their own, have found themselves in desperate circumstances, has deeply affected all of us. What we are witnessing in Ukraine is fundamentally at odds with the values of an open and free society, values also shared by Allianz and which underpin our successful efforts on behalf of our customers and employees. The Supervisory Board is grateful to the Management Board for its commitment to the cause and the swift support lent to Allianz staff in Ukraine and Russia as well as for its active assistance offered by way of rapid financial and material aid to the people affected by the war in Ukraine.

You can rest assured that the Supervisory Board, in close consultation with the Management Board, is continuously assessing the geopolitical as well as the macro-economic developments and, of course, the effects on Allianz's risk profile.

The governmental proceedings and the lawsuits in the U.S. in connection with the Structured Alpha Funds of Allianz Global Investors U.S. also kept us busy in the past

financial year. The losses suffered by customers in this regard are significant. The Supervisory Board is closely following the investigation of this incident by the Management Board. In addition to appropriate compensation for customers and cooperation with the authorities, this investigation involves a thorough analysis of the facts and drawing appropriate conclusions so that such an incident cannot happen again. Mr. Bäte will address this issue in more detail in his report to the Annual General Meeting.

That now takes me on to my report to the Annual General Meeting.

## **1. Changes to the composition of the Management Board and Supervisory Board of Allianz SE since the previous Annual General Meeting**

Since May 2021, there have been two changes to the composition of the Management Board.

With effect from October 1, 2021, Dr Andreas Wimmer was appointed to the Management Board of Allianz SE. He assumed responsibility for the Asset Management Division and Allianz Life North America taking over from Jacqueline Hunt, who resigned her mandate on September 30, 2021, and is since acting as strategic advisor to the Chairman of the Management Board.

The Supervisory Board has expressed its gratitude to Ms. Hunt for her commitment to Allianz.

Starting back in 2004, Dr Wimmer has been with Allianz for almost twenty years. After holding various functions in both the Life and P&C segments, Mr. Wimmer was most recently Chairman of the Management Board of Allianz Leben in Stuttgart.

Ms. Sirma Boshnakova was appointed to the Management Board of Allianz SE as of January 1, 2022. Ms. Boshnakova has been with Allianz since 2015 and, after several years in charge of the Allianz SE business division overseeing operating entities in Southern and Western Europe, she assumed responsibility as global CEO of Allianz Partners in 2019. On the Management Board of Allianz SE, she oversees the insurance activities in Western and Southern Europe as well as Allianz Direct and Allianz Partners.

*(Dr Wimmer and Ms. Boshnakova will introduce themselves to the shareholders at the Annual General Meeting.)*

I would also like to inform you that the Supervisory Board has renewed the Management Board appointments of Ms. Wagner for five years and of Dr Röhler four years, when he reaches the regular age limit.

The composition of the Supervisory Board has not changed since our last Annual General Meeting in May 2021. I will go into more detail shortly on the pending elections to the Supervisory Board scheduled under Item 7 of today's agenda.

## **2. Presentation of the Financial Statements**

The Annual Financial Statements of Allianz SE and the Group together with the respective Management Reports, including the non-financial statement, were audited and confirmed as properly prepared by the auditor PricewaterhouseCoopers Wirtschaftsprüfungsgesellschaft. The auditor issued an auditor's report without any reservations for both financial statements.

The Management Board and the auditors explained the financial statements in detail both to the Audit Committee and to the full Supervisory Board. The Supervisory Board approved the annual financial statements after a thorough examination. The Annual Financial Statement of Allianz SE is therefore formally adopted.

## **3. Report of the Supervisory Board**

A total of six regular meetings and three extraordinary meetings of the full Supervisory Board were held during fiscal year 2021. In addition, the Supervisory Board committees met for 22 ordinary meetings and the Standing Committee for one extraordinary meeting. The Supervisory Board and its committees also adopted eight written resolutions. As is customary, you will find a detailed account of the work of the Supervisory Board and its committees in the Group Annual Report, starting on page 4. I will now, if I may, highlight certain key areas of our activities:

In all regular meetings during the fiscal year, the Management Board reported to us on the development of revenues and results at Allianz SE and within the Group as well as business developments in the individual business segments. The Management Board also reported in detail on any deviations in actual business developments from the planning. Furthermore, we and the Management Board regularly discussed the capitalization, solvency ratio and liquidity as well as the related stress and risk scenarios.

In addition to the regular Supervisory Board meetings, we held three extraordinary meetings in the second half of the year. The subject of these additional meetings were the lawsuits and regulatory proceedings in connection with the Structured Alpha Funds of Allianz Global Investors in the USA, the personnel changes on the Management Board of Allianz SE, the dividend policy as well as a reinsurance transaction of the Life insurance entity in the USA, Allianz Life North America.

The Supervisory Board assigned the Audit Committee the task of continuously monitoring the Structured Alpha complex, and it also set up an Audit Committee working group, which held four meetings in fiscal year 2021. I will come back to this later.

A particular focus of our work in the past fiscal year was the current status and impact of the ongoing COVID-19 pandemic on the overall economy and the insurance industry as well as on Allianz employees.

In the past fiscal year, we again maintained a strong focus on addressing strategic issues with the Management Board, including the three-year plan for 2022–2024. The Supervisory Board lent close support to the Management Board in its preparations for the Capital Markets Day on 3rd December 2021. In addition, the Supervisory Board dealt at length with the strategy of Allianz in France and the developments at Allianz Partners, the industrial insurer AGCS and Allianz Global Investors. The existing activities and strategic options in China were also discussed in detail with the Management Board. Furthermore, as is customary, we addressed in detail the consistency of the risk and business strategy of the Management Board.

In the plenary sessions of the Supervisory Board as well as in the Technology Committee, we worked intensively on issues relating to cyber security and the centralization of IT at Allianz Technology.

Another focal area was the implementation and application of the new accounting standards IFRS 9/17, and their impact on the results of the individual business segments and the Group, as well as the significant reinsurance transaction of Allianz Life North America.

Furthermore, the Supervisory Board deliberated on the succession planning for the Management Board. The Sustainability Committee, which was newly set up in February 2021, began its work and supported the Management Board closely in the implementation and continued development of Allianz's sustainability strategy. The active cooperation of the Sustainability Committee with the Personnel Committee in setting sustainability targets for the remuneration of the Management Board as well as in the target performance assessment for the fiscal year 2021 deserve special mention.

Allow me to turn now to the remuneration of the Management Board and Supervisory Board. Detailed information on this subject is set out in the Remuneration Report, which starts on page 27 of the Group Annual Report.

The remuneration systems for the Management Board and the Supervisory Board in place for fiscal year 2021 were approved by the 2021 Annual General Meeting and shall remain unchanged.

The remuneration report for the fiscal year 2021 will be presented to you for approval for the first time today under Agenda Item 6. The report details the structure and set-up of the remuneration systems for the Management Board and the Supervisory Board of Allianz SE. It explains the application of the respective system in fiscal year 2021 on the basis of detailed and personalized information on the remuneration of the current and former members of the Management Board and the Supervisory Board. The report was jointly prepared by the Management Board and the Supervisory Board, and it takes due account of the requirements of the German Stock Corporation Act and the recommendations of the German Corporate Governance Code. Furthermore, we commissioned our statutory auditor to conduct a full audit of the remuneration report, including its content, over and above the legal requirements. The statutory auditor confirmed that the remuneration report for fiscal year 2021, including the related disclosures, complies in all material respects with the provisions of the German Stock Corporation Act.

In the remuneration report, we have again aimed at providing complete transparency in reporting the remuneration of the members of the Management Board. The remuneration report sets out the exact derivation of the calculation of the Group's financial targets, and, in terms of the individual contribution factor for the assessment of the Management Board members' annual bonus, you will see that the Supervisory Board has again made the greatest possible use of the discretion available for defining this factor taking account of the performance of each individual Management Board member.

In fiscal year 2021, the financial performance of Allianz's operating business was very strong and solvency was stabilized at a good level. Almost all business segments made positive contributions and some were well above target.

This strong overall performance was achieved on a sustainable basis. Customers and employees again rated the Management Board very highly according to the surveyed indicators, such as the Net Promoter Score, the Work Well Index Plus and the Inclusive Meritocracy Index. These indicators measure progress in the degree to which employees and customers are valued and individual performance is rewarded.



The defined environmental target for fiscal year 2021 for the planned CO2 reduction and the increase in the share of renewable energy was also well exceeded.

In terms of the financial performance, the Iberia & Latin America region and in particular the non-operating result of the Asset Management segment were the exception. The net income at Group level has been explicitly negatively impacted by the Asset Management segment due to the litigation in the USA in connection with the Structured Alpha Funds.

The Supervisory Board did not exercise its discretion in calculating these quantitative components.

Instead, in addition to the negative impact of the Structured Alpha complex on variable remuneration, the Supervisory Board applied a flat-rate discount of 10 percentage points to the individual contribution factor and agreed this with each member of the Management Board individually. Unfortunately, the Structured Alpha matter will continue to be an issue during the current fiscal year. Mr. Bäte will provide more details.

Regarding the remuneration of the Supervisory Board, I can offer the following information here. The remuneration continues to consist of a fixed remuneration amount, with varying remunerations for memberships in committees. Last year, the Annual General Meeting approved the introduction of a 50% committee remuneration for the Nomination Committee as well as the remuneration for the newly created Sustainability Committee. The individual breakdown of remuneration of the Supervisory Board members can also be found in the remuneration report.

Dear Shareholders,

The remit of the Supervisory Board also includes monitoring standards of good corporate governance. Details on the corporate governance development within the Allianz Group can be found in the Statement on Corporate Management from page 16 of the Group Annual Report. In December 2021, the Management Board and Supervisory Board submitted the Declaration of Conformity with the recommendations of the Corporate Governance Code, which is now permanently available to the shareholders on the Company's website. In summary, it can be concluded that Allianz complies with all recommendations of the Code in its current version and follows all the suggestions contained therein.

Ladies and Gentlemen,

In the fiscal year 2021, Allianz again performed well in a difficult environment with the operating business achieving the best result in its history.

In addition to the sustained high level of customer and employee satisfaction, appropriate business activities have been acquired in line with the strategy and innovative solutions for Life insurance portfolios have been developed. One example is the reinsurance agreement for a USD 35 billion index-linked annuity portfolio of Allianz Life North America. This transaction is consistent with Allianz's strategy of unlocking value from its Life business by using balance sheet capital more efficiently and driving synergies with Asset Management.

With the successful roll-out of the Business Master Platform to the first subsidiaries, Allianz has demonstrated its continued commitment to the path of digital transformation. Furthermore, the Management Board successfully maintained capital resources at a strong level. The dividend of 10.80 euros proposed to you today underlines the excellent operational performance of your Allianz.

I would like to take this opportunity to extend my sincere thanks on behalf of the entire Supervisory Board to all employees throughout the Allianz Group. The excellent result achieved in the past year would not have been possible without your efforts and commitment. Despite the continuously challenging environment, not least owing to the pandemic, you were able, together with the Management Board, to meet the high expectations that customers and investors have of Allianz.

Thank you very much indeed!

Of course, this makes the issues relating to Allianz Global Investor's Structured Alpha Funds in the U.S. all the more painful. The Management Board has initiated extensive efforts to resolve the situation which are being closely monitored by the Supervisory Board. The responsibility within the Supervisory Board for the ongoing monitoring of the Management Board's proper investigation and handling of the consequences lies primarily with the Audit Committee. The Supervisory Board has also set up a working group within the Audit Committee to focus exclusively on the Structured Alpha case. In addition, we are being advised by an independent law firm. The investigative work is currently still ongoing. I would like to make it clear, however, that at the present time we have no indications of any breach of duty by active or former members of the Management Board. I can assure you that the Supervisory Board will continue to closely oversee the Management Board's handling of the matter, and it will support and monitor the Management Board with its own resources.

Dear Shareholders,

Allow me now to turn to the election of the new Supervisory Board as scheduled for today under Agenda Item 7. Upon the conclusion of today's Annual General Meeting, the terms of office of all members of the Supervisory Board shall expire.



As you will have noted from Allianz's press release of February 10, Mr. Snabe will not be standing for re-election to the Supervisory Board today. Mr. Snabe's decision was taken in response to concerns expressed by investors regarding "overboarding" due to the mandates he held in various companies at the time of the decision. We have accepted this decision with great regret, and I would like to take this opportunity to thank Mr. Snabe on behalf of the entire Supervisory Board as well as personally for his tremendous support to Allianz on its path of digital transformation. As Deputy Chairman of the Supervisory Board and, in addition, as Chairman of the Technology Committee, Mr. Snabe has provided valuable momentum to this process and guided the development of the Group-wide standardized Business Master Platform in a critical and advisory capacity. Last but not least, the establishment of the Technology Committee is down to Mr. Snabe's initiative and he has thereby also made a significant contribution to making the work of the Supervisory Board more professional.

I would also like to take this opportunity to express my sincere thanks to Sophie Boissard, Christine Bosse, Dr Friedrich Eichiner and Herbert Hainer who as shareholder representatives have always made themselves available and carried out the work on the Supervisory Board with responsibility. All four have agreed to stand again today as your representatives on the Supervisory Board, with varying terms of office. You know all four of them well from the work they have performed to date as members of the Supervisory Board of Allianz SE.

I would particularly like to welcome Ms. Rashmy Chatterjee, who is standing as a Supervisory Board candidate for the first time today. Ms. Chatterjee is Chairwoman of the Board at ISTARI Global Ltd, a company specializing in cyber risk management.

*(Ms. Chatterjee will introduce herself to the shareholders at the Annual General Meeting.)*

I too, have decided to stand again for the Supervisory Board and would like to ask for your trust to allow me to serve another term. As mentioned in the invitation to this Annual General Meeting, if elected by today's Annual General Meeting, I shall again be proposed for the position of Chair of the Supervisory Board.

In this regard, I would like to comment on the age limit of 70 years, as a rule, for members of the Supervisory Board here at Allianz. During the next term of office, the majority of the members of the Supervisory Board will change at different points in time. I myself will be 71 years old on December 23, 2025, and will therefore, according to the election proposal, exceed the standard age limit by five months at the end of term of office. In order to be able to lead the reorganization of the Supervisory Board as Chair, the Supervisory Board has nevertheless asked me to stand for the full term of office. The Supervisory Board considers my exceeding the standard age limit within the tolerance limit. I am happy to

comply with this request in order to ensure the necessary continuity during the new composition of the Supervisory Board. I also ask you, the shareholders, to support the proposal.

To ensure that today's election of the new Supervisory Board properly considers the targets for the composition of the Supervisory Board and responds with flexibility to the changing competence requirements, the proposed term of office for certain candidates will not be the regular four-year term of membership. This is also to enable the gradual formation of a "staggered board" in the future. For this reason, we are proposing that Ms. Boissard, Ms. Chatterjee and myself be elected for four years, Dr Eichiner for three years, and Ms. Bosse and Mr. Hainer for two years.

With all the candidates proposed today, the Supervisory Board will have a very strong line-up of members in terms of expertise, especially in the insurance and financial services business as well as in accounting and risk management, in terms of experience in corporate management as well as in terms of independence, internationality, diversity and the appropriate participation of women.

At this point, I would like to state that no personal or business relationship within the meaning of the German Corporate Governance Code exists between any of the proposed candidates and the Allianz Group, the governing bodies of Allianz SE or any shareholder with a material interest.

The new elections will be held in the form of individual elections.

You will find detailed curricula vitae of all candidates in the invitation to this Annual General Meeting, and I would like to ask you to support the candidates by casting your vote.

I would also like to thank the employee representatives on the Supervisory Board. Ms. Burkhardt-Berg has been an excellent sparring partner to me as Deputy Chairwoman of the Supervisory Board, and Jean-Claude Le Goaër, Martina Grundler, Godfrey Hayward, Frank Kirsch and Jürgen Lawrenz have played a very active and constructive role in the work of the Supervisory Board and the various committees.

At this point, I would like to extend special thanks to Mr. Hayward personally and also on behalf of the entire Supervisory Board. Mr. Hayward has been a member of the Supervisory Board since May 2017 and has been a member of the Risk Committee. Due to Brexit, Mr. Hayward, an employee of Allianz UK is required to leave the Supervisory Board as of the end of today since the statutes of Allianz SE only allow candidates from the European Union to be members of the Supervisory Board as employee representatives. We regret his departure and wish Mr. Hayward all the best for the future.

In accordance with our statutes, the employee representatives on the Supervisory Board are elected by the SE Works Council of Allianz SE. This election took place on February 9 this year. With the exception of Mr. Hayward, all employee and trade union representatives were re-elected. The SE Works Council elected Mr. Primiano Di Paolo from Allianz Italy as a new member to the Supervisory Board. All employee representatives were elected for the statutory term of office of four years.

With that, I would like to thank you for your attention and I will now hand over to Mr. Bäte, Chairman of the Management Board of Allianz, for his report.