

CPS 511

Remuneration Disclosures

2024 Performance Year
Allianz Australia Life Insurance Limited



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1. Introduction

This remuneration disclosure has been prepared in accordance with the requirements of the Australian Prudential Regulation Authority's (APRA) Prudential Standard CPS 511 – Remuneration.

All information presented in this disclosure was effective as at 31 December 2024. Allianz Australia Life Insurance Limited (AA Life) is categorised as a Non-Significant Financial Institution under CPS 511.

2. Qualitative disclosures

2.1. Remuneration governance framework

The graphic below illustrates the structure and function for the Allianz SE Board (Global Board) and AA Life.



The key governing bodies that oversee remuneration at Allianz are structured as follows:

Allianz SE Board

The Allianz SE Board sets the Group Remuneration Policy and frameworks within which all Allianz entities are required to operate, with deviations only allowed to meet local regulatory requirements.

Allianz Australia Life Insurance Limited Board ('AA Life Board')

The AA Life Board has overall accountability for the AA Life remuneration policy, remuneration framework and its effective application, and performance measures and remuneration outcomes for employees in regulated roles, including discretion to make adjustments (including to zero) on remuneration and conduct outcomes.

The AA Life Board reviews the application and effectiveness of the Remuneration Framework, including the Remuneration Policy on an annual basis.

The AA Life Board comprises of three Independent Non-Executive Directors, two other Non-Executive Directors (including one Allianz SE representative and the CEO and MD of Allianz Life USA) and one Executive Director being the CEO of AA Life.

The AA Life Board had six meetings in 2024.

Allianz Australia Life Insurance Limited Human Resources & Remuneration Committee ('AA Life HRRC')

The AA Life HRRC assists the AA Life Board by providing independent and non-executive oversight on matters relating to the design, operation and monitoring of the remuneration framework and the effectiveness of the Remuneration Policy. The AA Life HRRC conducts the annual Remuneration Policy review and makes recommendations to the AA Life Board for approval of remuneration arrangements, performance and outcomes on an individual basis for the CEO, Senior Managers and other specified roles under CPS 511.

The AA Life HRRC has four members including one Allianz SE representative.

The AA Life HRRC had four meetings in 2024.

Three of the four members of the AA Life HRRC are also members of the Audit and of the Risk Committees. This cross-membership creates a strong governance net and enables information sharing across the three Committees and the Board.

In addition, on a quarterly basis at AA Life Board meetings, generally each Committee Chair presents key items it has discussed in its meetings. This enables all Board members to be made aware of key matters that arise in each Committee.

The Chief Risk Officer attends the AA Life Risk Committee meetings and is invited to attend AA Life HRRC meetings to talk to items relating to Talent Management, operational risk and any consequence management items.

The CEO of AA Life does not attend items relating to the CEO's performance or remuneration.

In determining remuneration outcomes, the AA Life Board has ultimate discretion on amounts to be paid, within the guidelines of the remuneration framework. In doing so, the AA Life Board considers financial and non-financial performance holistically, including ensuring compliance with AA Life's Risk Appetite Statement and any impacts on the organisation's soundness including reputational standing. All fixed and variable remuneration outcomes can be adjusted down (including to zero) and all deferred payments can be subject to downwards adjustments to protect the interests of AA Life.

No external remuneration consultants were commissioned by the Board in 2024. Management use independent, externally sourced remuneration data to support the Board in determining appropriate pay levels for key roles.

2.2. Specified Roles

Specified Roles in scope for this disclosure are described below:

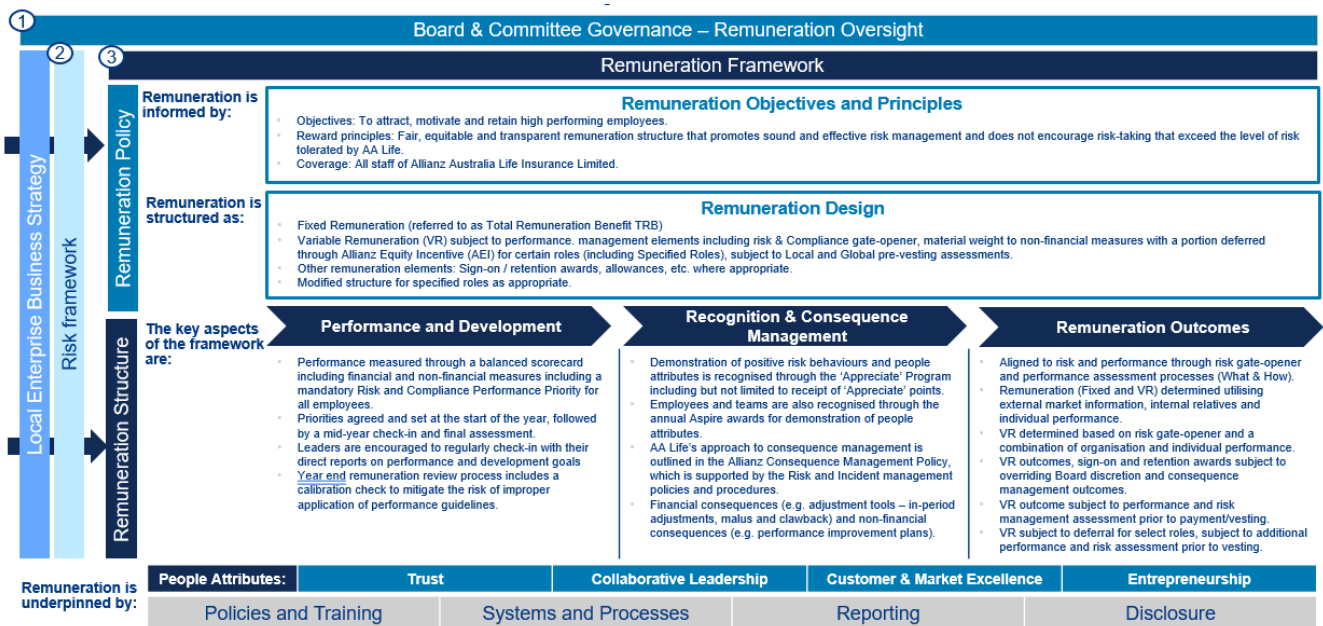
Senior Managers have a material impact on the achievement of organisational objectives through oversight of their respective functional areas and include the Chief Risk Officer, General Counsel, Chief Operating Officer, Chief Product and Marketing Officer, Head of Life Protection, Chief Audit Executive, Senior HR Business Partner, Chief Distribution Officer - Wealth Management, Chief Financial Officer, and Head of Group Retirement Solutions Client Delivery.

Risk and Financial Control Personnel (R&FCP) are roles that are critical in ensure the effective management of financial and non-financial risk within AA Life and include the Risk Manager, Head of Compliance and Data Privacy Officer, Senior Compliance Manager and Head of Investments.

2.3. Remuneration Framework

The AA Life Board, in collaboration with the CEO and Senior Management Team, sets the strategic direction for AA Life. Performance priorities, including risk management are cascaded from the CEO to all employees. Remuneration outcomes are determined based on the achievement of performance objectives, ensuring that there is direct alignment between enterprise strategy and individual performance and remuneration outcomes.

The graphic below illustrates the different components of the remuneration framework, the scope of Board and Committee oversight and the link back to organisational strategy and the risk framework.



The Remuneration Framework is designed to attract, retain and motivate high performing employees. The Remuneration Framework, including all of its elements, is reviewed at least annually to ensure it supports the strategic objectives of AA Life and ensure compliance with external regulation.

The Remuneration Policy applies to all employees and contractors of AA Life.

The Remuneration Policy covers remuneration arrangements with third party service providers (including distribution and non-distribution partners).

The following forms of remuneration apply at AA Life:

- **Total Remuneration Benefit (TRB):** Comprises annual base salary and superannuation.
- **Variable Remuneration:** Azpire+ and Allianz Equity Incentive (AEI). Further detail provided below in Section 2.4. All Variable Remuneration outcomes are subject to a Risk & Compliance gate opener.
- **Sign-On Bonuses:** From time-to-time bonus payments are offered at the time of recruitment to permanent employees. The timing of the payment is determined on a case-by-case basis.

All variable remuneration payments including sign-on bonuses are subject to clawback, cancellation and malus.

The mix of remuneration is dependent on the purpose of the role and aligned to market practice. For example, revenue generating roles are more leveraged towards variable reward.

R&FCP have a higher weighting to fixed pay and a higher weighting in their incentive metrics based on non-financial measures.

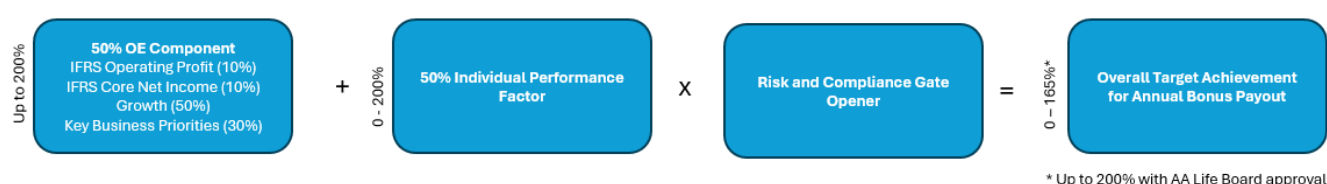
2.4. Variable Remuneration Plans

There are two variable remuneration plans at AA Life:

Azpire + with an AEI – Applicable to the CEO and 54% of Senior Managers

Azpire + comprises an annual payment made in cash plus AEI. The AEI has a total 5 year deferral period made up of a one-year performance period and further four-years deferral. It is granted as shadow equity and settled in cash.

Azpire + outcomes are calculated as the OE Component outcome added to the participant's Individual Performance Factor (IPF) outcome. All Azpire + outcomes are subject to a Risk and Compliance gate opener. The performance conditions under the OE Component in 2024 were both financial (70%) and non-financial relating to key business priorities (30%). The performance conditions under the IPF comprises of a balanced scorecard of financial and non-financial measures.



Azpire + without an AEI- Applicable to remaining Senior Managers and all R&FCP

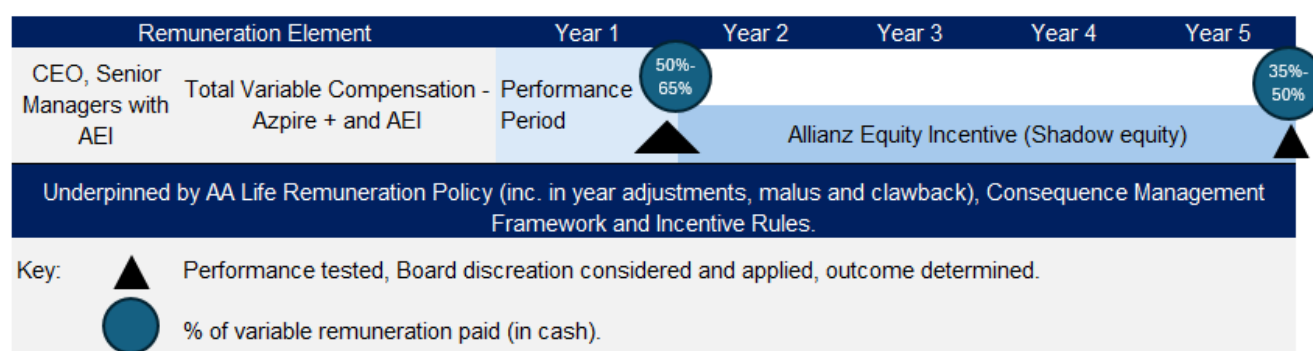
Azpire + without an AEI comprises an annual payment in cash with no deferral.

Azpire + outcomes are calculated as described above.

Employees that participate in the AEI plan are more able to influence the long-term strategic objectives of the organisation.

Deferral and vesting of variable remuneration

The deferral and vesting schedule of the AEI is detailed in the following graphic.



Treatment for Good Leavers

In cases of retirement or termination because of a redundancy, a pro-rated incentive may be payable to a terminated employee for AA Life Board approval in the cases of any AEI participants. The timing, calculation of the value and conditions of the payment (subject to the clawback and malus) are the same as for active employees.

Variable remuneration pool

The variable remuneration pool is determined based on the achievement of strategic objectives across the Group and AA Life. The local allocation of the pool to individuals is approved by AA Life Board based on performance against agreed financial and non-financial objectives. Actual variable remuneration awarded to individuals is based on a mix of financial and non-financial measures including a mandatory risk priority.

Adjustments to variable remuneration

Adjustments to variable remuneration include in-year adjustments applied through the Individual Performance Component, malus to unvested deferred awards and clawback.

The AA Life Board has the discretion to approve variable remuneration up to 200% of target in exceptional cases in exceptional cases and reduce variable remuneration outcomes (including to zero where applicable).

The AA Life Board with input from HRRC, Risk Committee and Audit Committee will determine if any downward adjustments, be it through adjustment of in-year incentives, malus of unvested AEI or clawback of prior year awards, are required to:

- a) Protect the financial soundness of AA Life
- b) Certify prudent risk-taking and adherence to the risk management framework by employees
- c) Respond to significant unexpected or unintended consequences that were not foreseen by the Board including but not limited to significant unexpected financial losses, reputational damage or regulatory non-compliance
- d) Respond to material examples of poor conduct, culture and/or failure to meet local or Group EAR accountability obligations; and
- e) Protect the reputation of AA Life and Allianz.

Clawback and malus provisions apply to all AEI participants which includes the CEO and 54% of Senior Managers.

AA Life's AEI plan is CPS 511 compliant in design and application of vesting practices.

2.5. Alignment between remuneration outcomes and performance

Measurement of performance is designed to be completed equitably and consistently across AA Life. Performance outcomes are determined by a combination of enterprise (the OE) and an individual component.

The OE Component for AA Life is determined by the Allianz SE Board. It includes both financial and non-financial measures related to key business priorities.

For the CEO and Senior Managers, the Individual Component is determined by the AA Life Board, on recommendation from the AA Life HRRC. In making its recommendations to the Board, the HRRC considers (for Senior Managers) the recommendations of the CEO.

In determining the Individual Components for the CEO and Senior Managers, performance is assessed against agreed "What" objectives (both financial and non-financial) and "How" objectives (all non-financial).

Employees in R&FCP roles have a lower weighting on financial metrics. R&FCP variable reward outcomes are based on 20% weighting of AA Life's OE Component (compared to 50% for all other incentivised employees), and 80% Individual Performance.

Individual performance is assessed across both "What" and "How" criteria.

This results in material weighting of non-financial measures, supporting a high level of independence between the organisation's financial performance and the employee's variable pay outcome.

2.6. Adjustments for Risk and Compliance

The Remuneration Framework supports the prevention and mitigation of conduct risk through mandatory risk and compliance goals for all employees and the Risk and Compliance gate opener for all incentivised employees.

Failure of the gate assessment means the individual will not receive any variable remuneration. Poor performance against the mandatory Risk & Compliance goal means the individual's incentive payment is reduced proportionate to the risk event including code of conduct breaches.

Conduct and risk performance is measured against the Board approved Risk Appetite Statement.



A sustainability assessment is undertaken by Allianz SE Board with input from AA Life Board to consider any events that have reduced or negatively impacted overall sustainability in a significant way, and to what degree the behaviour of the AEI participant contributed.

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