Sustainability
Report 2023

Munich RE

1.

Introduction

Joachim Wenning
CEO Munich Re

1.1 CEO statement

> GRI 2-22

We live in a time when the challenges and opportunities of sustainability are becoming ever greater and more urgent. The past has shown us how important it is to be resilient and adaptable in order to cope with global risks.

As one of the world's leading reinsurers, we are aware of our responsibility to make a positive contribution to sustainable development. We therefore believe that sustainability can be a business opportunity and a competitive advantage. By integrating environmental, social and governance (ESG) aspects into our core business, we can offer innovative solutions, enhance our risk management and aim to create long-term value for all our stakeholders.

For Munich Re, 2023 was a very successful year, also with regard to our climate targets. We are delighted that we have already overachieved the 2025 targets of our Climate Ambition.

We made considerable progress last year, particularly in the field of (re)insurance: greenhouse gas emissions from coal-fired power plants and thermal coal mining were both reduced by 41%, and from oil and gas production business by as much as 80% compared to the figures from the base year of 2019. We were also able to reduce emissions from our own operations by 34% per employee compared to 2019 and, with respect to our assets, the reduction in financed emissions remained stable at a high level of minus 47%. At the same time, we increased our investments in renewable energy and surpassed our €3bn 2025 portfolio target by the end of 2023. Details of our targets and achievements can be found throughout our Sustainability Report.

1.1 CEO statement

We want to play a key role in accelerating the global shift to a renewable energy system and support our clients and partners in their own transition to a low-carbon economy by providing risk transfer, advisory and financing solutions. In 2023, we created a first global underwriting unit dedicated to insuring risks related to climate change mitigation and adaptation. In addition, we have improved our due diligence processes, to identify, avoid and mitigate potential negative impacts from our business activities on biological diversity and human rights, and have also strengthened our underwriting guidelines in this context.

As a globally operating Company, respect and support for democratic values and human rights guide us in our daily business. Our global workforce represents 131 different nationalities in more than 50 locations and offers huge potential for diverse approaches and risk solutions for our clients. This is one of the reasons why diversity and inclusion are core values at Munich Re and form the basis for our open corporate culture. In our new Code of Conduct, rolled out in 2023, we take a clear stand against racism and discrimination of any kind.

At the forefront of our commitment to diversity, equity, and inclusion (DEI), we introduced a new governance structure for DEI topics in 2023, providing clear responsibility and accountability over various levels of the organisation. Also, with a proportion of 39.5%, we have made progress towards our Ambition 2025 target of increasing the proportion of women in management positions to 40%.

By working together with our clients, partners, and society, we aim to contribute to a more resilient and sustainable future for all. This Sustainability Report reveals how we are fulfilling this ambition.

Best regards,

Joachim Wenning

1.2 Portrait of Munich Re

> GRI 2-1; 2-6

Munich Re (Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München) is a stock corporation with its registered office in Munich, Germany. Our business model is based on the combination of reinsurance, primary insurance and insurance-related risk solutions under one roof. An overview of the countries and sectors where Munich Re operates can be found in our Annual Report.

€4.6bn
Munich Re net result 2023

We take on risks of many types and complexities worldwide. Munich Re stands for exceptional solution-based expertise, consistent risk management and financial stability. We attach great importance to maintaining close and trusting relations with our clients. One of Munich Re's guiding principles has always been to act with forward-looking responsibility, creating value with and for our stakeholders.

1.2 Portrait of Munich Re

Our uniform Group-wide strategy, Ambition 2025, focuses on sustainability and aims to create long-term value for shareholders, clients and employees alike, and for society as a whole. In the 2023 financial year, the Group achieved a net result of €4.6bn on insurance revenue from insurance contracts issued of €57.9bn. It operates in all lines of insurance, with some 42,812 employees and offices across more than 50 countries.

Reinsurance offers innovative solutions for complex risks

With insurance revenue from insurance contracts issued of €37.8bn from reinsurance, Munich Re is one of the world's leading reinsurers, operating in life, health and property-casualty business.

As a reinsurer, Munich Re writes business in direct collaboration with primary insurers, but also via brokers, and increasingly within the framework of exclusive strategic partnerships. Munich Re offers a wide range of specialised products and customised insurance solutions and services for clients handling industrial and major project business.

In our reinsurance segment, Munich Re does business with over 4,000 corporate clients in more than 160 countries.

>4,000
corporate clients

Munich Re's employees provide extensive underwriting experience, global and local market insight, and cross-segment expertise to the customers they serve – strengths that have repeatedly earned Munich Re top rankings in client surveys.

Primary insurance bundled under ERGO

With over 38,000 employees and sales agents worldwide, ERGO offers customers a comprehensive spectrum of insurance.

German, international, direct and digital business is bundled under the umbrella of ERGO Group AG. ERGO Deutschland AG focuses on the company's German business, while ERGO International AG manages international business within the Group. ERGO Technology & Services Management AG has a transnational mandate as a global technology and service provider for the entire ERGO. Via ERGO, Munich Re offers products in all main classes of insurance: life insurance, health insurance, and in nearly all lines of property-casualty insurance, as well as travel insurance and legal protection insurance. With these products, in combination with consultancy and support services, Munich Re meets the needs of private and corporate clients.

With insurance revenue from insurance contracts issued of €20.1bn, ERGO generated nearly one third of Munich Re's total insurance revenue from insurance contracts issued in FY 2023.

Investments

MEAG manages a large part of Munich Re's investments worldwide and also offers its expertise to private and institutional investors outside the Group. MEAG handles several asset classes. They include interest-bearing securities, equities, real estate, renewable energy, and infrastructure.

As at 31 December 2023, total investment by the Group (excluding insurance-related investment) exposed a carrying amount of €218.5bn and an increased market value of €224.7bn compared to 2022. The volume of assets managed for third parties amounted to €60.1bn.

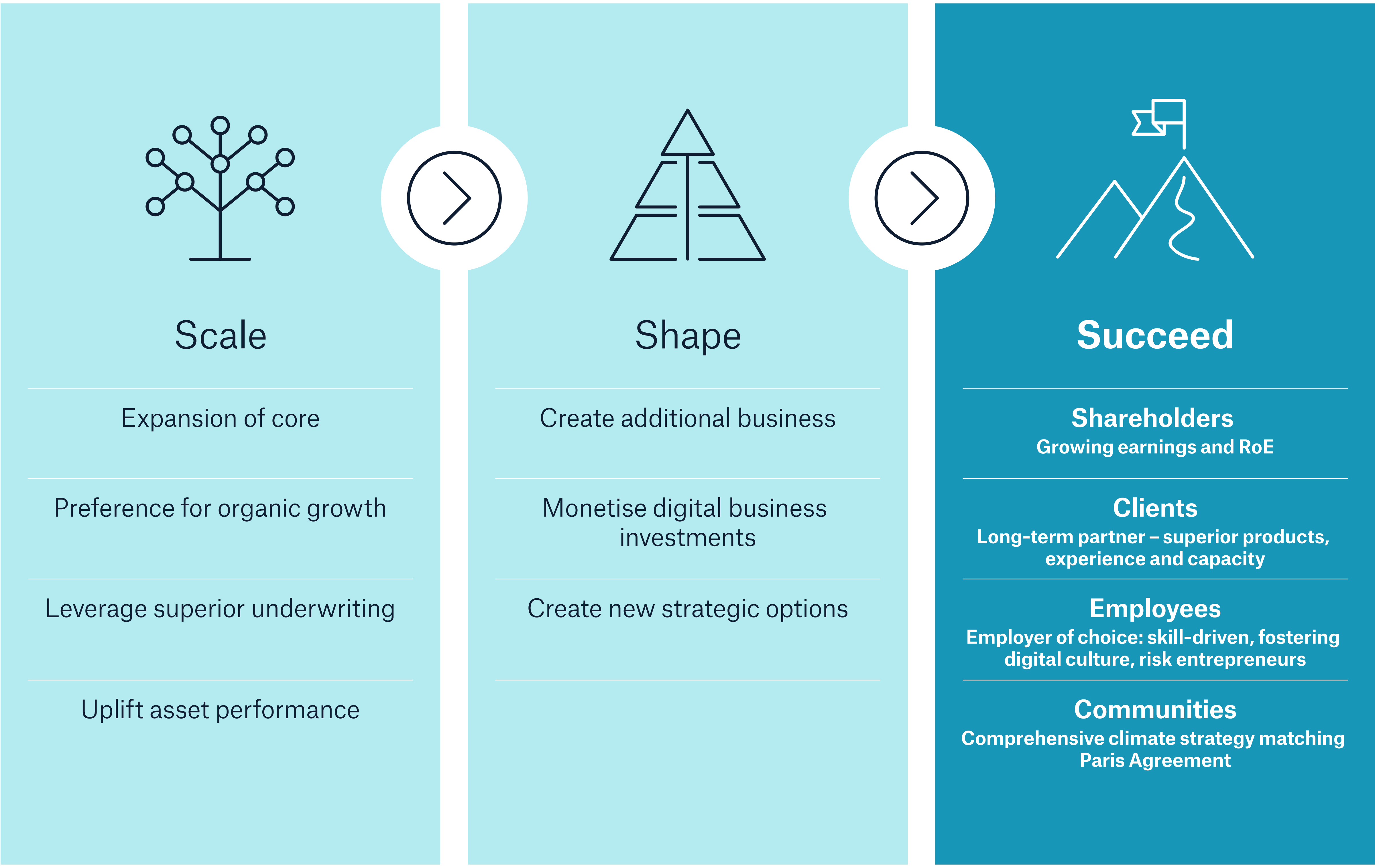
2.

Approach to sustainability

2.1 Sustainability strategy

> GRI 2-23

Munich Re adopts a forward-looking, prudent and responsible approach to business. For more than 140 years, we have created long-term value by assuming a diverse range of risks along our insurance value chain. We are convinced that this business concept will continue to be successful in the future based on sustainable action. In our efforts to contribute to a sustainable tomorrow, we see economic prosperity, resilience and technological progress as inseparable components that are needed to create a fairer, more sustainable society. In addition, we are leveraging our collective experience and expertise and working with our external stakeholders to support effective transformation.



Ambition 2025

Munich Re's Group Ambition 2025 programme specifies several sustainability targets that are already being implemented and on which work is continuing. These objectives are built around the three guiding principles of our Ambition 2025: Scale, Shape, and Succeed. "Scale" refers to the Group's determination to retain and expand its core business, while "Shape" represents the intention to create additional business and new strategies, which will transform the organisation through the adoption of new business models. "Succeed" calls for greater focus on added value. Munich Re creates value for and with all its stakeholders. This translates into increased earnings for Munich Re shareholders and bespoke, increasingly superior products for clients from a reliable partner that understands them. We provide long-term employment for our staff, along with outstanding career prospects in a skill-driven, digital and highly flexible work environment. Not least, we meet our responsibilities to the wider communities in which we are active, through initiatives such as the further decarbonisation of our asset management, (re)insurance business, and own business operations.

2.1 Sustainability strategy

Holistic sustainability strategy

As described in our Ambition 2025, Munich Re aims to create value for its stakeholders – our sustainability strategy systematically integrates this ambition across our activities. We address social challenges by making the best use of our strengths and abilities, and by sharing knowledge with our stakeholders. Our risk expertise, in particular, allows us to develop powerful new perspectives and potential sustainable solutions.

We focus on the following fields of action:

- **Responsible governance**
  Responsible corporate governance is only possible if it is based on ethical and legal conduct.
- **Sustainable approach to business**
  We proactively consider ESG aspects along the value chain in our core business activities.
- **Environmental and climate protection**
  We have defined a climate strategy across liabilities, investments, and our own operations.
- **Responsible employer**
  As an employer, we attach the utmost importance to treating our staff in a responsible and respectful way. We create conditions to promote personal and professional development, and foster an environment that supports diversity, equity and inclusion.
- **Societal responsibility**
  Stemming from our sense of social responsibility, we support many initiatives and projects with the aim of promoting social cohesion.

Meeting voluntary commitments

Voluntary commitments, such as those we have made to the UN Global Compact (UNGC), the Principles for Responsible Investment (PRI), the UNEP FI Principles for Sustainable Insurance (PSI) and, since 2020, our membership in the Net-Zero Asset Owner Alliance (NZAOA), represent an important element of our sustainability strategy. Munich Re also joined the Taskforce on Nature-related Disclosures (TNFD) as a forum member in 2022. In addition to our sustainability strategy, the recognition of these frameworks and our membership in the above initiatives are testimony to our dedication to sustainability.

SUSTAINABLE DEVELOPMENT GOALS

Our risk expertise, products, solutions, and actions as a responsible employer have the potential to contribute to the achievement of several of the UN Sustainable Development Goals (SDGs).

German Sustainability Award for Munich Re

Munich Re won the German Sustainability Award 2023 in the "Insurance" sector. The award jury concluded that Munich Re is a key player in the transformation of the insurance industry and is making climate protection and climate resilience a core component of its insurance solutions and investments.

"Munich Re has set clear transformation goals in its Ambition 2025. The fact that our focused and targeted approach is receiving this award is recognition for all those who work every day to ensure that we achieve our sustainability goals."
says Michael Menhart, Head of Economics, Sustainability and Public Affairs (ESP), who accepted the award in Düsseldorf.

2.2 Goals and ambitions

> GRI 3-3

We continue working on the ongoing refinement and implementation of our corporate responsibilities. As part of these efforts and of our sustainability strategy, we have set ourselves the following goals and ambitions.

Sustainability in business

Our focus is the integration of ESG aspects and criteria into our business overall and the development of solutions with the aim of achieving a positive impact for our (re)insurance and investment business. Consequently, we focus on the topics of major relevance:

Goals and ambitions for liabilities	Status[1]	Progress in 2023 / Status as at 31 December 2023
Approach to decarbonisation of our (re)insurance business	ongoing	Established quantitative reporting on decarbonisation from fossil fuel-related (re)insurance activities
	completed	- Monitoring system for our reduction targets implemented - Implementation of guidelines to restrict involvement in new oil and gas projects (applicable since 1 April 2023)
Total thermal coal target:		
By 2025: –35% GHG (greenhouse gas) emissions[2];	exceeded	Decarbonisation achievements in GHG emissions (compared to 2019)[3]: Coal-fired power plants –41% Thermal coal mining –41%
By 2040: full exit	ongoing	
Oil and gas – exploration and production:		
By 2025: –5% GHG emissions[2];	exceeded	Decarbonisation achievements in GHG emissions (compared to 2019)[3]: Oil and gas –80%
By 2050: net-zero emissions	ongoing	
Further integration of ESG aspects in underwriting processes	ongoing	- Enhanced underwriting guidelines on human rights, biodiversity and controversial weapons including underwriting restrictions and due diligence stipulations - Various ESG training programmes for specific user groups (e.g. underwriters in core business) at Munich Re

2.2 Goals and ambitions

Goals and ambitions for investment	Status[1]	Progress in 2023 / Status as at 31 December 2023
Approach to decarbonisation of our investments: net-zero ambition by 2050	ongoing	- Active member of the Net-Zero Asset Owner Alliance (NZAOA) since beginning of 2020 - Participation in various workstreams as well as active support for selected publications - Regular disclosure of financed GHG emissions from listed equities, corporate bonds and direct real estate
Approach to decarbonisation of listed equities, corporate bonds, direct real estate:	ongoing	
by 2025: total GHG emission reduction of 25-29%[2]	exceeded	- Development of GHG emissions (scope 1 and 2) compared to the 2019 base year (Munich Re Group Ambition 2025): –47%[4]
Thermal coal (in particular mining and/or power generation) for listed equities and corporate bonds:	ongoing	
by 2025: –35% GHG emissions[2]	exceeded	- Development of GHG emissions (scope 1 and 2) compared to the 2019 base year (Munich Re Group Ambition 2025): –54%
by 2040: full exit	ongoing	
Oil and gas (in particular drilling and production, refining and distribution) for listed equities and corporate bonds:	ongoing	
by 2025: –25% GHG emissions[2]	exceeded	- Development of GHG emissions (scope 1 and 2) compared to the 2019 base year (Munich Re Group Ambition 2025): –55%
Increase renewables portfolio to €3bn	exceeded	- Exceeded our 2025 target of €3bn renewable portfolio and will endeavour to continue investing in renewables - Increase of investments (equity and debt) in renewable energies to approximately €3.1bn
Increase ESG-focused investments	ongoing	- Definition of ESG-focused investments as investments in line with our long-term ESG strategy ESG-focused investments - Green bonds (investment portfolio): €3.6bn - Renewables: €3.1bn - Certified real estate: €2.6bn - Certified forestry management: €1.9bn
Enhancement of ESG integration into investment management	ongoing	- Review of Responsible Investment Guideline in December 2023 - Definition of Key Performance Indicator (KPI) “Rating coverage of liquid asset classes”, which amounted to 95.3%
Continuous enhancement of stewardship activities	ongoing	- Further developed engagement process: increased number of CA100+ (Climate Action 100+) engagements, monitoring through a specific engagement report and expanded our activities as an endorser of the PRI Advance Stewardship Initiative

2.2 Goals and ambitions

Environmental management

We take responsibility for environmental protection in our own operations and become involved to make a positive and tangible impact.

Goals and ambitions	Status[1]	Progress in 2023 / Status as at 31 December 2023
GHG emissions from our business operations:		
by 2025: GHG emission reduction of 12% per employee	exceeded	- Reduction of 34% per employee (2019 to 2023)
by 2030: carbon net zero (through GHG emissions removal certificates)	ongoing	- Group headquarters in Munich were brought to GHG net zero (through GHG emission removal certificates) and all of the Group's other recognised GHG emissions from business activities were made GHG-neutral (through GHG emission reduction certificates)
By 2025: 100% green electricity purchased Group-wide for companies and their sites included in our data reporting	ongoing	- 91% green electricity purchased Group-wide in 2023

Employees

The main goals of our human resources strategy are attracting, developing and retaining outstanding staff. Promoting diversity, equity and inclusion (DEI) is a strategic focus of our Group-wide human resources strategy.

Goals and ambitions	Status[1]	Progress in 2023 / Status as at 31 December 2023
Diversity by 2025: Group-wide 40% female managers	ongoing	- 131 different nationalities at more than 50 locations - Implementation of a Group-wide DEI governance - Proportion of women in management positions Group-wide 39.5% - Proportion of women in management positions at Munich Re in Germany increased to 30.0%

2.2 Goals and ambitions

Development and talent management	ongoing	Targeted, needs-based training for our staff, particularly on digitalisation: - LinkedIn Learning for reinsurance in 2023: approx. 8,600 activated licences, more than 164,000 completed learning videos Identification and development of staff with leadership potential: - Onboarding of new cohorts in all talent programmes: 60.7% of open management positions globally and 74.4% in Germany were filled with internal candidates
Monitoring employee satisfaction and commitment	ongoing	Group-wide Sustainable Engagement Index included in the annual surveys of the three business fields shows the following values: - Response rate: 75% - Employee engagement index: 78%

Society

Stemming from our sense of social responsibility, we support a variety of initiatives and projects that are close to our core business with the aim of promoting social cohesion.

Goals and ambitions	Status[1]	Progress in 2023 / Status as at 31 December 2023
Enabling staff at Munich Re to contribute, with the aim of stimulating and promoting social commitment on the part of employees	ongoing	- More than 16,900 hours of corporate volunteering - Several corporate volunteering schemes in place
Support for charitable organisations Group-wide by assisting projects fitting Munich Re's Social Impact Strategy	ongoing	More than 1,000 organisations supported, e.g.: - The Tackling Climate Change Together (TCCT) initiative - Ongoing long-term partnership with Save the Children with the aim of providing rapid assistance to those in need after a natural disaster - Support for disaster prevention and early warning initiatives

2.2 Goals and ambitions

Good corporate governance

In our business practice we want to ensure a fair and trusting relationship with our stakeholders. Aligning our actions to high ethical and social standards enables us to make responsible decisions and protect the reputation of the Group.

Goals and ambitions	Status[1]	Progress in 2023 / Status as at 31 December 2023
Strengthen ESG governance across the Group	ongoing	- At least three times a year, the Supervisory Board addresses topics relating to sustainability - In the DVFA (Deutsche Vereinigung für Finanzanalyse und Asset Management) Scorecard for Corporate Governance, Munich Re again receives an excellent rating and ranks first
Assessment and update of materiality matrix	completed	- Extensive materiality analysis in 2021 to identify the significant and material topics to be reported on. Comprehensive review and reassessment of the materiality analysis in 2023 - Conversion of the presentation as a matrix to a list of material topics
Efficient and comprehensive alignment to compliance requirements, avoidance of violations and enhanced transparency	ongoing	- Munich Re Code of Conduct updated and rolled out - Group-wide rollout of updated Code of Conduct training (web-based training) is planned for 2024 - Introduction of a new Supplier Code of Conduct at the beginning of 2023 - No compliance violations with a material financial impact or systematic weaknesses were identified - No material data protection events as defined in the Solvency II Group Compliance Policy, nor were any material proceedings for breaches of data protection regulations initiated

[1] Explanation of status:

completed	Target was reached within defined time frame
exceeded	Target overachieved as at 31.12.2023 (variations until end of specific time frame of each target possible)
not achieved	Target was not achieved within defined time frame
ongoing	Ongoing progress or continuous target without end date
enhanced target	Previous target has been strengthened in the past year

[2] Base year 2019. | [3] Metric tonnes of thermal coal produced annually by insureds/installed operational capacity (in MW) of insured coal-fired power plants of insureds (used as an equivalent for approximate development of the GHG emissions). | [4] If we were to use the nominal value instead of the market value for debt instruments, the reduction would have been 42.7% (instead of 47.3%) relative to the 2019 base year.

2.3 ESG governance

> GRI 2-9; 2-11; 2-12; 2-13; 3-3

For us, good corporate governance requires the Board of Management and Supervisory Board to work together efficiently and with a spirit of trusting cooperation between the two bodies and staff, with everyone collaborating as part of an effective organisational structure. These parameters help secure the confidence of investors, clients, employees, and the public in our corporate activities. Of particular relevance is ensuring that corporate and Board of Management objectives are aligned with financial and sustainability considerations. Therefore, for example, specific ESG targets have been integrated into multi-year bonuses for Board of Management members. More broadly, we aim to ensure responsible and sustainable management at Munich Re through a robust ↘ governance framework that includes corporate governance, compliance systems, and sustainable risk management.

In addition to the above, Munich Re regulates organisational accountability for sustainability criteria in a transparent manner. Fundamental strategic decisions are taken by the Board of Management, or, more specifically, by the ESG Committee, a subcommittee of the Strategy Committee, which comprises the Group CEO (Chair), the Group Chief Financial Officer (CFO), the Reinsurance CEO, the CEO of ERGO, the Chief Investment Officer (CIO), and the head of Economics, Sustainability and Public Affairs (ESP). The ESG Committee is complemented operationally by the ESG Management Team, which is composed of the heads of ESP and Financial and Regulatory Reporting (FRR), the Head of the Group's Sustainability department, the departmental Head for ESG-relevant topics in Group Investment Management (GIM), as well as the chief underwriting officers from reinsurance and ERGO. The ESG Management Team is responsible for implementing and monitoring the Group-wide ESG strategy. The Group's Sustainability department supports the two bodies and coordinates sustainability efforts across the Group. It is part of the central division, ESP, and reports directly to the CEO.

The two ESG bodies are complemented by specialised ESG committees for areas such as investment and primary insurance, as well as governance bodies for specific topics like diversity, equity and inclusion. Where relevant, the specialised governance bodies are described from a Group perspective in the respective chapters of our Sustainability Report.

At least three times a year, the Supervisory Board addresses major topics relating to sustainability: it considers the Combined non-financial statement, the presentation of the annual personnel report and is assisted by regular updates on the ESG strategy and the implementation measures, which are based in part on the report on the work of the Praesidium and Sustainability Committee. The sustainability expertise of our Supervisory Board members can be found in the qualification matrix. One of the key tasks of the Audit Committee is to monitor the Group's risk situation and risk management, including potential ESG risks, on an ongoing basis and to discuss the risk strategy. The Praesidium and Sustainability Committee also regularly addresses ESG issues in detail as part of its general responsibilities.

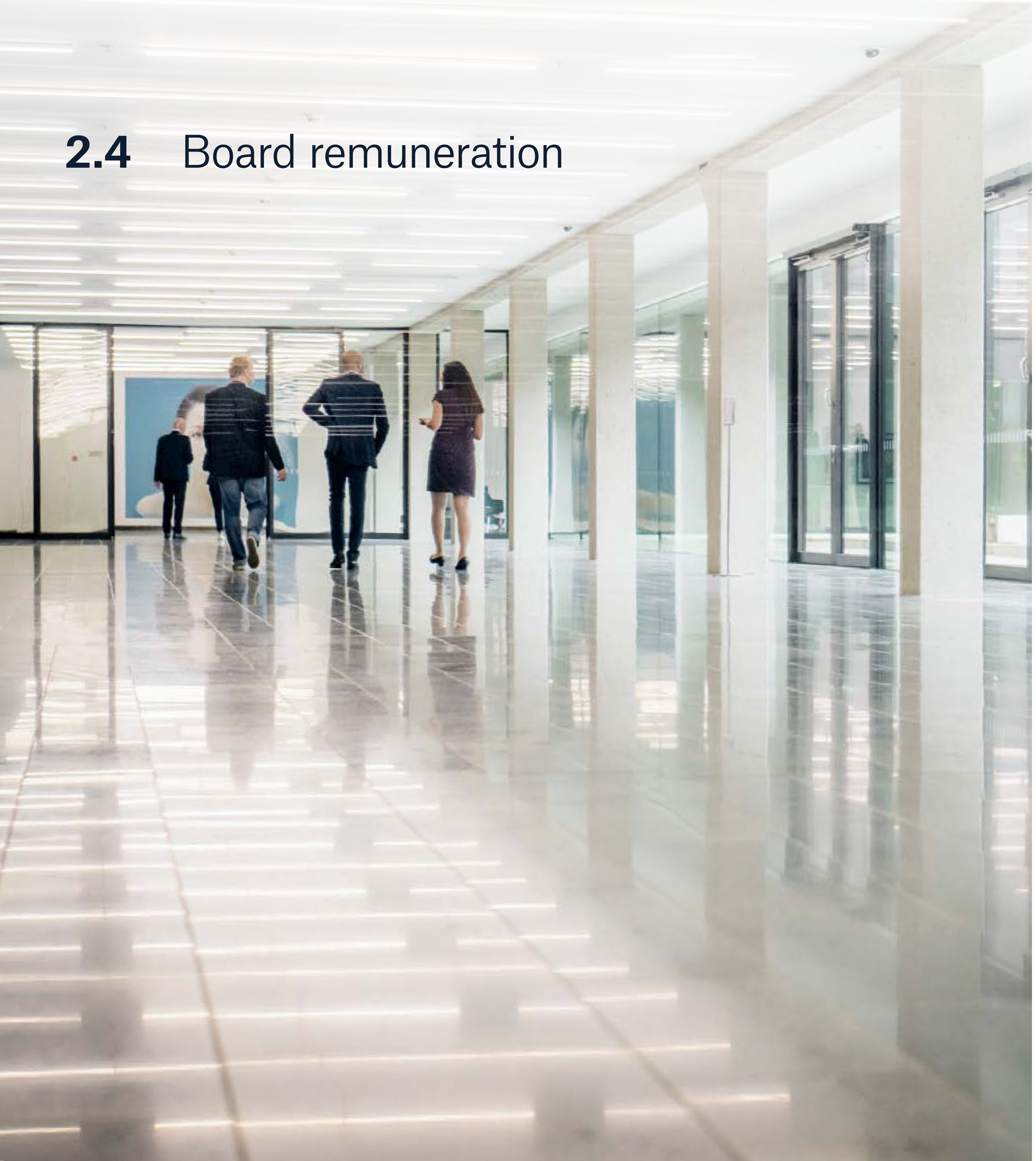
More about the Committees of our Supervisory Board

2.3 ESG governance

Supervisory Board	
Audit Committee	**Tasks:** Monitoring ESG risks
Praesidium and Sustainability Committee	**Tasks:** Regularly adresses sustainability-related issues
ESG Committee **Members:** - Group CEO[1] - Group CFO - Reinsurance CEO - ERGO CEO - Chief Investment Officer - Head of ESP[2]	**Tasks:** Overall responsibility for ESG-related strategic decisions
ESG Management Team **Members:** Heads of Economics, Sustainability and Public Affairs, Financial and Regulatory Reporting, of the Group's Sustainability department, the departmental Head for ESG-relevant topics in Group Investment Management, as well as the chief underwriting officers from reinsurance and ERGO	**Tasks:** Ensuring implementation and monitoring of the Group-wide ESG strategy
Group Sustainability department	- Sustainability teams in business fields, investment and central functions - Specialised governance bodies **Tasks:** Implementation of the ESG strategy

[1] Chair | [2] non-voting

2.4 Board remuneration



>GRI 2-9

Since 2012, we have integrated ESG criteria into the remuneration system for the Board of Management. As part of the annual and multi-year bonus, ESG criteria are assessed by the Supervisory Board and influence the target achievements by +/-10 percentage points. This discretionary element gives the Supervisory Board the opportunity to consider aspects of sustainability in the remuneration. Starting with the 2022 financial year, at least one specific target related to ESG is to be agreed for the multi-year bonus. These targets – which account for 20% of the multi-year bonus – are derived primarily from Munich Re's corporate strategy and focus on at least one of the dimensions environment, social or governance.

The following targets have been applied for the 2024–2027 multi-year bonus:

- Define a climate ambition for 2030 in line with the 2050 net-zero target and deliver on climate commitments.
- Define and advance Munich Re's own cyber security and compliance with relevant regulatory requirements.

2.5 Stakeholder dialogue

> GRI 2-29; 3-1

Munich Re values an open and ongoing dialogue with its various stakeholders. This form of proactive engagement enables us to identify the topics that are crucial for us now and in the future from the perspective of our stakeholders.

We analyse the outcomes of our stakeholder dialogue and incorporate the findings into our sustainability strategy.

Customers and clients

We serve our clients as a reliable and solution-oriented business partner. We regularly evaluate their satisfaction with our services by conducting analyses and surveys that are tailored to the different client structures in insurance and reinsurance.

Employees

We engage in continuous dialogue with our employees worldwide. We encourage a culture of feedback and transparent communication across a wide range of platforms, such as Group-wide surveys, our intranet, internal social media platforms, and other dialogue forums. Events such as town hall meetings, strategy talks with members of the Board of Management, and management conferences also promote exchange across different levels of management.

Shareholders, analysts and investors

Professional communication with players in the financial markets features regular dialogue and proactive provision of information by Munich Re. We provide detailed information on the general opportunities and risks attached to our business through frequent personal investor calls and at roadshows, as well as at regular investor and analyst events. We also specifically inform these groups about our sustainability activities and industry trends.

Politics, NGOs, interest groups

We keep in close contact with interest groups, NGOs, UN institutions and public authorities at both national and international level. In addition, we are an active member of a number of insurance industry initiatives and associations, including the Principles for Sustainable Insurance (PSI), the Principles for Responsible Investment (PRI) and the UN Asset Owner Alliance (NZAOA).

Society and science

Our experts engage in ongoing dialogue with scientists, associations, and organisations around the world, and are involved in several national and international research and development projects. These include the Global Earthquake Model (GEM), the German Research Center for Artificial Intelligence (DFKI), and the German Data Science Society (GDS). We also seek regular exchange with wider society, e.g. via public dialogue forums and panel discussions.

2.6 Materiality

> GRI 2-29; 3-1; 3-2

The materiality analysis determines which sustainability topics are of special importance to Munich Re and its stakeholders and, therefore, which topics should be the focus for our sustainability management and transparent communication. The results of the analysis are continuously reviewed. In order to meet regulatory and best practice reporting requirements, we have validated the previous materiality analysis, performed in 2021, to identify the material topics for the 2023 financial year. The validation confirmed the scope of reporting from the previous year.

The topics relevant to reporting were identified in the following steps:

- a pre-selection of topics based on external reporting requirements and topics already identified in the previous materiality analysis
- an analysis of the context, as well as an assessment of two dimensions: the business relevance of the topics and the impact of Munich Re on the topics, and
- a validation by internal expert committees and selected stakeholders, along with final approval of the report-relevant topics by the Munich Re ESG Committee

The following stakeholder groups were included in the analysis:

- Clients
- Staff
- Investors
- Representatives of wider society

The materiality analysis carried out is based on the materiality concept of Section 289c of the German Commercial Code (HGB) and also considers the standards of the Global Reporting Initiative (GRI Standards).

As a result, the following topics are material in the context of business relevance and the impact of Munich Re on the topics (in alphabetical order):

- Climate change
- Compliance
- Customer orientation and customer satisfaction
- Diversity, equity and inclusion
- Employer attractiveness
- ESG integration
- Human rights
- Natural disasters
- Responsible digital transformation and cyber security
- Sustainable services and products
- Responsible management structures
- Training and education

The topic of human rights was identified as material from a business relevance perspective and also, in the course of this year's validation, from an impact perspective.

Due to the nature of our business activities, the topic of "environmental management in our own business operations" has a smaller impact compared to other industries, but we are still committed to achieving clear goals in this area and continue to report on it in the chapter ↘ Environmental management.

3.

Sustainability in business

3. Sustainability in business

> GRI 3-3

The focus of our sustainability approach is on our business, which involves the assumption and diversification of risks in primary insurance, reinsurance and, as a large asset owner and investor, in investment. We believe that we can only achieve long-term economic success through responsible action, which is why the objective of sustainable economic value creation is one of the core principles of our corporate strategy.

We express our commitment to acting responsibly by signing important industry initiatives, such as the Principles for Sustainable Insurance (PSI), the Principles for Responsible Investment (PRI) and the Net-Zero Asset Owner Alliance (NZAOA).

Our actions are guided by the key topics we have identified in our materiality analysis for reinsurance, primary insurance and investment. In addition to committing to a strong client focus and the integration of ESG aspects into our business, we attach importance to offering responsible solutions and services, as well as expanding ESG-focused investments. In doing so, we place a special focus on climate change and the related risk management approach.

We have also set ourselves a series of sustainability targets that we aim to achieve by integrating ESG aspects as consistently as possible into all relevant processes at Munich Re, both in the fields of (re)insurance and investment.

In consultation with our Board of Management, we have identified ESG aspects and criteria that we consider in our (re)insurance business risk assessment and investment transactions. We have also defined sensitive issues and sectors that are relevant to our business activities (see figure: ESG aspects/criteria and sensitive issues for Munich Re).

Additionally, binding guidelines or best practice recommendations have been drawn up for these topics and, where relevant, serve as the basis for ESG-related processes in our business fields. These are regularly reviewed and updated in the light of new developments, such as the guideline requirements regarding new oil and gas, applicable as of 1 April 2023.

We report in detail on all these measures relating to our core business in this chapter, while taking into account the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

ESG aspects/criteria and sensitive issues for Munich Re

ESG aspects/criteria

Environmental
- Pollution
- Natural resources and biodiversity
- Greenhouse gas (GHG) emissions

Social
- Political context and public awareness
- Labour and working conditions
- Human rights
- Health, safety and security for the community
- Displacement of people
- Cultural heritage

Governance
- Responsible and correct planning and evaluation
- Compliance
- Consultation and transparency

Sensitive issues – covered by policies, guidelines and position papers
(Areas of application are described in detail in the following chapters)

- Arctic oil and gas
- Biodiversity
- Controversial weapons
- Fracking
- Human rights
- Investment in farmland
- Mining
- Oil and gas activities
- Oil sands
- Thermal coal

The ESG Committee decides on the refinement of the framework and processes, taking regulatory developments and industry-wide standards into consideration.

3.1 Sustainability in insurance

> GRI 3-3

Our business is the acceptance and diversification of risks in primary insurance and reinsurance. We find leverage for sustainable action by appropriately managing the risks and combining economic success with added value for society. In our insurance business, we achieve this primarily through having a strong client focus, by offering responsible solutions, and through integrating ESG aspects into our insurance and reinsurance products and services. In addition to implementing ESG aspects in our underwriting guidelines, we aim to support the achievement of the Paris climate targets by insuring new, climate-friendly technologies and by making these technologies more attractive and financially viable for investors.

We are maintaining our commitment to net zero by 2050, also after discontinuing our membership in the Net-Zero Insurance Alliance (NZIA) on 31 March 2023. In Munich Re's opinion, the possibilities for jointly pursuing decarbonisation targets together with multiple insurers worldwide - without exposing ourselves to significant antitrust risks - are so limited that it is more effective to pursue our climate targets for reducing global warming individually.

ESG governance and strategy in our insurance business

> GRI 2-13; 3-3

The goal of sustainable economic value creation is anchored in the core principles of our Group-wide corporate strategy, in our Ambition 2025, and in our sustainability strategy. We display our commitment to acting responsibly by signing important industry initiatives, such as the Principles for Sustainable Insurance (PSI) and the UN Global Compact.

Strategic sustainability targets are decided at Group level in the ESG Committee. Implementation of these targets and monitoring of the Group-wide ESG strategy lies within the responsibility of the ESG Management Team. In our relevant fields of business we have specific committees or bodies in place to address the possible risks and opportunities our operations may entail for society, the environment and our reputation. This is also reflected in our Code of Conduct.

ESG-related topics are part of our Solvency II-compliant governance system. This includes monitoring and supervising underwriting guidelines and processes in the form of risk management, internal reviews and audits.

We have developed approaches and procedures to analyse and manage the impact of ESG aspects that are crucial for our insurance business. The following sections outline how we manage ESG aspects in our underwriting business and describe how we aim to create a positive impact with our risk transfer solutions.

Managing ESG aspects

> GRI 3-3

For our insurance business, we consider various ESG aspects that are applicable to our internal underwriting processes, as well as to our products and services (see figure ↘ ESG aspects/criteria and sensitive issues for Munich Re).

Our ESG management in underwriting focuses on several topics. On the subject of climate change and for more information on our decarbonisation targets and monitoring, please refer to the chapter ↘ Climate-related disclosure. Munich Re has also set itself rules on protecting biodiversity and respecting human rights by maintaining the balance between human, ecological and climatic ecosystems.

Munich Re takes its responsibility as a global (re)insurer seriously and has measures and processes in place that are intended to manage the potential impacts. These Group-wide applicable ESG aspects include guidelines, ESG advisory, due diligence processes (see figure ↘ ESG aspects/criteria and sensitive issues for Munich Re), all of which are communicated to our underwriting community.

In addition, we integrate ESG aspects into product development. For example, at ERGO in Germany, validation of the alignment with the company's strategy in terms of sustainability is an integral component of the product development process.

Guidelines, processes and tools have been developed and introduced for the practical implementation of ESG aspects in our insurance business. Binding underwriting guidelines regulate the handling of sensitive issues (see figure ↘ ESG aspects/criteria and sensitive issues for Munich Re) throughout the Group in all business units that underwrite relevant risks. These are described in detail in the section ↘ Underwriting restrictions. For other sensitive issues, such as mining and fracking, we issue guidance to underwriters in the form of Group-wide position papers.

A special ESG tool helps our underwriters in the facultative and direct (re)insurance business to factor ESG criteria into their risk assessment. We also draw on the expertise of renowned external ESG databases for these ESG assessments.

We hold regular information events and training courses for our employees and clients on the responsible handling of ESG aspects.

ESG Community Days and ESG Circle

In March 2023, ERGO launched the ESG Community Days to strengthen the transfer of knowledge on ESG topics within the company.

This is an information event on ESG-related topics and projects across the primary insurance segment, which will be held annually.

Following the first ESG Community Days, the ESG Circle was launched. This is a regular dialogue format with ESG-related business functions at local companies in our primary insurance division.

In 2022, we also rolled out ESG Basics, a Group-wide ESG awareness-raising measure aimed at all employees. It includes the ESG aspects that are relevant to our business success: climate and environmental aspects, and social criteria such as working conditions, as well as compliance and governance requirements. We are continuously developing our information and training formats. In the context of our tightened ESG framework, we intensified our ESG training in 2023, in particular for employees in the reinsurance segment. Dedicated sustainability teams in primary insurance and reinsurance support the business units by providing tailored ESG advice. In addition, employees in the underwriting units function as multipliers, actively sharing their knowledge of ESG integration within their own departments, for ESG assessments, in client discussions and in exchanges with other divisions.

We also collaborate with partners, institutions, and non-governmental organisations (NGOs). Our ambition to manage ESG aspects in our business is also reflected in our commitment to the PSI initiative on ESG integration. We are represented on the PSI Board and report annually on our progress with integrating the principles.

Underwriting restrictions and enhanced due diligence

> GRI 3-3

Specific binding ESG guidelines, with a focus on climate- and non-climate-related ESG risks govern the handling of certain business activities. The guidelines include restrictions for:

- thermal coal activities in connection with new thermal coal mines/power plants/infrastructure;
- oil and gas activities in connection with new oil and gas fields, new oil infrastructure or new oil-fired power plants;
- oil sands;
- Arctic oil and gas activities;
- human rights;
- biodiversity;
- controversial weapons; and
- general ESG-related reputational risks.

Any exceptions to binding underwriting restrictions can only be granted by a committee at Board level.

Thermal coal

Since September 2018, in our facultative and direct (re)insurance business, we no longer insure single-location stand-alone risks in the planning, financing, construction or operation of new thermal coal mines, coal-fired power plants or the related infrastructure, where construction or preparatory works for extraction or operation were not started before 1 September 2018. Multi-location covers are treated like single-location risks if most locations or insured values qualify as new. At ERGO, we have not insured individual risks of this kind since 2018. This decision was implemented in formal underwriting policies in 2021 to completely exclude this type of new coal business from underwriting.

Oil and gas

Since 1 April 2023, Munich Re no longer insures contracts or projects on a single-risk, single-location basis exclusively covering the planning, financing, construction or operation of:

- new oil and gas fields, in cases where no prior production had taken place as of 31 December 2022, or
- new midstream infrastructure related to oil that was not yet under construction or in operation as of 31 December 2022, and
- new oil-fired power plants that were not yet under construction or in operation as of 31 December 2022.

This applies to our primary insurance and facultative and direct (re)insurance business. The same applies where such risks are contained or bundled with other risks under a single cover (e.g. existing oil or gas fields), and where the cover is mainly designed to protect against one or more of the new risks.

Oil sands

For unconventional oil, Munich Re extended its fossil fuel exit strategy to oil sands in 2019 on both the insurance and asset side: It is no longer permissible to sign facultative reinsurance and primary insurance business (direct and via fronting) for new or existing oil sand sites or new or existing oil sand-related infrastructure. Our guidelines apply to single locations and stand-alone risks. The exclusion also applies to mixed policies with exposure above a set threshold of 20% of the sum insured or revenue.

Arctic oil and gas

In the case of Arctic exposures, we will not accept stand-alone covers for Arctic oil and gas drilling activities, including directly related infrastructure and installations. This also applies to mixed covers and treaty reinsurance business, where the exposure is above a defined single-digit percentage threshold. The new guidelines apply to renewals of existing reinsurance treaty business with commencement dates of 2023 or later. Munich Re's definition of the Arctic region is based on the internationally accepted definition of the Arctic by the Arctic Monitoring and Assessment Programme (AMAP). Our policy allows minor exceptions in the Norwegian region south of the Arctic Circle, as Arctic conditions do not prevail there. This underlines once again the fact that Munich Re is aware of and aims to meet its responsibility to protect the environment.

These underwriting restrictions for fossil-based energy are complemented by our Group-wide climate strategy. More detailed information on this can be found in the ↘ Climate-related disclosure section of this report.

Human rights

Munich Re enhanced the underwriting guidelines on human rights (see details in the ↘ Human rights section) in autumn 2023. With the criteria set out in the guideline, we strive to uphold our responsibility and to assist our underwriters in identifying risks from human rights violations.

Biodiversity

In autumn 2023, we integrated an enhanced risk analysis requirement (due diligence process) with the aim of protecting biodiversity. This is applied in particular to our high-sum commercial and industrial primary insurance and facultative and direct (re)insurance business, and is considered when insuring stationary risks in the context of property, engineering, transportation and agricultural insurance. To avoid harming environmentally sensitive areas or those with great biodiversity, we take into account the UNESCO list of World Heritage Sites of natural or mixed cultural and natural heritage. The insurance of individual sites within these particularly sensitive areas is excluded, depending on the type of risk and the industrial sector.

Controversial weapons

Munich Re also has a Group-wide policy in place that regulates business transactions with companies involved with controversial weapons. Although the international conventions on banned weapons, such as anti-personnel mines and cluster munitions, do not directly bind companies, the Munich Re Group has committed itself to not providing support to businesses that do not fully comply with such conventions. The scope of the former banned (now controversial) weapons guideline was expanded in 2023 to include additional controversial weapons, such as non-detectable fragments, and biological, chemical and blinding laser weapons.

Clear escalation processes

> GRI 3-3

In addition to the underwriting restrictions mentioned before, underwriters are required to assess ESG aspects in relevant business transactions. They identify, analyse, assess and manage such risks using qualitative procedures. Specific guidelines and process descriptions regulate the handling of reputational and sustainability risks. Employee communication measures on reputational and ESG aspects are aimed at prevention and raising awareness. Reputational Risk Committees (RRC) have been established for the business fields of reinsurance, primary insurance and investment. These committees analyse and assess specific reputational issues and ESG risks relating to individual transactions, and make recommendations on whether to accept or reject a particular risk. Should the business unit and the RRC disagree on a decision, the transaction can be escalated to Board level. The transactions examined are documented in writing. At the end of 2021, we standardised the processes for dealing with reputational risks in the individual RRCs of the business fields across the Group.

Outcome of assessment by RRC of transactions submitted for review of critical reputational risks

	2023	Prev. year	Change %
Rejected due to critical reputational risk	2	4	-50,0
Accepted, no critical reputational risk identified	5	8	-37,5
Accepted under specific terms	3	2	50,0

We regularly detail any significant reputational risks for Munich Re in our internal risk report. Due to the continuous review process followed by the respective business units, numerous business offers were declined on ESG grounds without being submitted to the RRCs.

Aiming for positive impact through insurance solutions

> GRI 201-2; 203-1; 203-2; 3-3

Munich Re is positioned to develop innovative insurance solutions for ESG risks. These solutions enable us to create a potential positive impact for society and the environment, while simultaneously opening up new business opportunities. As an insurer, we also make insurance coverage possible for people who are exposed to particularly heavy burdens due to their financial situation or life circumstances. Some examples where we foster potential for positive impact through our insurance solutions are highlighted below. Further information on various products, including the range of our public sector business products, can be found on our website.

Inclusive insurance supports livelihoods in India

HDFC ERGO in India markets a wide range of microinsurance policies in the rural sector, including weather-indexed, health, personal accident and fire products, as well as special coverages for farmers. HDFC ERGO supports customers by developing innovative distribution solutions, partnering with entities that focus on customers at the bottom of the economic pyramid. The insurance products are easy to understand and aim at standardisation to generate economies of scale. One example is the Group Hospital Cash Policy in India, launched in partnership with the HDFC BANK Sustainable Livelihood Initiative. This policy covers all microfinance loan customers for a nominal premium (less than €4) and offers the customer a fixed benefit per day in the event of hospitalisation. During the financial year 2022-23, the company underwrote a total of €6.3m, covering more than two million people. In the same period under review, under its crop and weather portfolio, the company insured a total of 9.88m farmers, with gross written premiums (GWP) of €370.8m.

Innovation solutions supporting financial inclusion and resilience for MSMEs

Munich Re supports micro, small and medium-sized enterprises (MSMEs) in Southeast Asia through innovative insurance solutions. These solutions seek to strengthen the financial resilience of these businesses against unforeseen loss events. Through its efforts, Munich Re aims to bridge the protection gap for MSMEs, and to promote sustainable lending and financial inclusion for such companies. To take one example, Munich Re has partnered with digital lenders and supply chain platforms in Southeast Asia to offer wholesale insurance protection. This protection covers both MSMEs and the ecosystem against accidental death and specific credit default scenarios including natural catastrophes. So far over 3,000 MSMEs across Indonesia are being supported by these solutions.

Munich Re also offers a special kind of insurance in India. This insurance helps people who have low incomes and borrow money from Micro Finance Institutes (MFI). The insurance pays them money if they are affected by floods, earthquakes or storms. The main benefit for the policyholder is the quick payout, which helps them recover faster. Munich Re has developed this insurance product and worked with various MFIs to offer it to their customers and adapt it to their needs. So far, Munich Re India has been able to provide protection to over 500,000 borrowers in this way.

Caribbean Catastrophe Risk Insurance Facility

The Caribbean Catastrophe Risk Insurance Facility (CCRIF) was formed as the first multi-country risk pool in the world. Munich Re helped to set up the facility in 2007. Based on parametric triggers, it guarantees payment within 14 days of a natural catastrophe to participating countries, who can then use the money for recovery efforts. Since its inception, CCRIF has made 62 payouts totalling US$ 265m to 17 member governments, benefiting 3.5 million people.

Personal Injury Rehabilitation and Support Centre

ERGO Hestia established the Personal Injury Rehabilitation and Support Centre (in Polish CPOP) in 2010 to assist its customers who suffered serious injuries. The CPOP provides comprehensive services that help the customers recover physically and mentally. For instance, if a customer lost a limb in an accident, the CPOP would offer complex medical diagnosis, organise a rehabilitation programme providing a tailored prosthesis, train the patients how to use it, and support psychologically in the recovery process. It would also help ERGO Hestia’s customers achieve personal and professional goals, such as finding a suitable job or hobby. The CPOP has been operating independently since 2015.
In almost 14 years of operation, it has supported over 1,700 injured parties and implemented over 700 extensive Personal Assistance Plans.

Low-Carbon Solutions Framework

We apply a Low-Carbon Solutions Framework to both insurance and reinsurance to assess non-life/non-health insurance activities that can potentially contribute to the low-carbon transition. The focus lies on specific reinsurance and primary insurance solutions* that directly and exclusively cover activities with the potential to contribute to climate change mitigation.

To qualify as Low-Carbon Solutions in the environmental dimension, the solution must directly and exclusively cover one of the following current activities:

- Generating, transmitting, storing, distributing, or using renewable energy
- Increasing clean or climate-neutral mobility
- Switching to the use of responsibly sourced renewable materials
- Establishing energy infrastructure required to enable the decarbonisation of energy systems
- Use of environmentally safe carbon capture and utilisation (CCU) and carbon capture and storage (CCS) technologies

In 2023, we generated premiums of close to €450m with solutions that fall under our Low-Carbon Solutions Framework.

Examples include:

- **Insurance solutions for e-bikes**
  ERGO in Germany offers e-bike insurance with worldwide coverage. Among other risks, the policy includes electronics protection in the event of damage caused by short circuit, induction, overvoltage or moisture.
- **Green Tech Solutions**
  Green Tech Solutions aims to support the energy transition by absorbing the technical risks involved, thereby motivating investors to provide funding, and allowing manufacturers to grow on a global level. In 2009, for example, we established what is now a widely recognised standard for warranty insurance for the solar industry. This protects manufacturers from excessive warranty claims on modules for a period of up to 30 years. The perils we cover include excessive material aging, manufacturing defects and material defects. In the event of the manufacturer's insolvency, the policy is seamlessly transferred to a registered buyer, ensuring that warranty claims remain covered.

Another product is helping to de-risk large-scale green hydrogen projects. As an innovative guarantee cover, it relieves manufacturers and operators of, or investors in, hydrogen plants from availability and performance risks. This considerably eases the financial burden on businesses, as it enables them to plough capital that is no longer needed for guarantee reserves into scaling, while at the same time attesting to the quality of their technology.

Another example of how Green Tech Solutions supports the energy transition is with geothermal heating. Here, the team insures the so-called exploration risk. If drilling for a geothermal heat source does not yield the expected result, Munich Re reimburses the client for the drilling costs. This is another example demonstrating how the pooling of risk via (re)insurance enables investments (often by local communities) that would otherwise not be made.

* Motor coverages from primary insurance written out of the reinsurance segment are not included.

Green Tech Solutions key facts

Over **1,400** projects

75 GW insured

Projects in **90** countries

3.1 Sustainability in insurance

Customer orientation and satisfaction

> GRI 2-29; 3-3

Maintaining a close relationship of trust with our clients is a key element towards the success of our business. That is why we want to understand our clients' needs and develop the best possible solutions for them, in a joint dialogue.

We apply a differentiated management approach under our business model, which applies both to our reinsurance clients and to our primary insurance customers and reflects their different demands and needs accordingly. Responsibilities lie with the respective Board members and/or executives, as well as within the various international companies. Just how important our clients are to us is demonstrated by the fact that client satisfaction is an integral part of the Munich Re Group Ambition 2025.

At Munich Re, we manage the dialogue with our clients, and the solutions we correspondingly offer, on the basis of our clients' needs and growth ambitions. The process includes an analysis of the market and the most important players, as well as the implementation of tailored insurance solutions, products and services for our clients. Client managers in reinsurance are supported by a central sales unit that ensures transparency in our Group-wide product and service palette. This unit is also responsible for two event formats that take place annually as a platform for in-depth dialogue with representatives of our key clients: the "cDays" conference and "Advance", an exclusive five-week programme aimed at expanding participants' expertise and leadership skills, and at further developing the industry. In addition, we offer our reinsurance clients an extensive seminar programme on insurance-related topics, based on our leading expertise. ERGO particularly supports its independent sales partners with various offers, for example advisory tools and concepts, and professional development training. The local companies individually tailor these offers to their respective needs.

Customer satisfaction is measured in both primary insurance and reinsurance. At Munich Re, we have defined numerous monitoring processes to measure our performance in terms of customer satisfaction and orientation.

Every two years, we undertake a global customer-satisfaction survey among all of our reinsurance clients. The survey measures the NPS and customer satisfaction in various aspects of the business relationship. We publish the NPS and selected results of the survey on our website. Our goal is to maintain a stable, positive NPS in reinsurance. Our last global satisfaction survey of reinsurance clients was conducted in May 2022.

Customer satisfaction at ERGO is measured continuously throughout the year. Since Q4 2023, we have also measured overall customer satisfaction in addition to using the NPS. This customer satisfaction is a new key performance indicator for ERGO and allows for more focused management and greater transparency in the development of measures. The result shows the percentage of satisfied customers across important core markets, currently in Belgium, Germany, Estonia, Greece, India, Latvia, Lithuania, Austria, Poland and Spain. ERGO's objective is to achieve a high percentage of satisfied customers.

High levels of customer satisfaction are evident in primary insurance, too. Some 94% of customers gave ERGO or its local companies in the core markets a rating of "good" or higher in 2023. Satisfaction can be rated overall on a range from "poor" to "adequate", "good", "very good" or "excellent".

The results of our monitoring identify any potential for both improvement and differentiation in the specific divisions, platforms, services, products and customer groups. In the form of initiatives, this information then becomes part of our strategy to meet our Munich Re Group Ambition 2025, i.e. to remain a long-term partner for our clients.

In addition to our regular client satisfaction surveys, in reinsurance we have implemented a number of measures aimed at consolidating our client relationships. And our operational units regularly request feedback from their clients to complement the centrally organised survey. In order to better respond to our clients' suggestions for improvement, we offer a comprehensive training programme to all staff who have direct contact with clients. The aim is for them to develop an understanding of our clients' strategies and needs so that we can develop solutions together.

In primary insurance, our advice to our independent sales partners' customers in Germany is provided using a standardised approach (ERGO Kompass) to ensure that quality is consistently high. ERGO also uses a variety of tools to obtain direct feedback about new products and services, but also about overarching strategic issues. The main focus is its in-house market research panel (ERGO Kundenwerkstatt) of around 7,500 customers. In 2023 alone, ERGO conducted 30 projects and/or surveys among the panel members. This feedback from our customers is very important to us. Among other things, we use it in product development and to improve our services for them. Besides customer feedback, we also record and assess customer complaints. This input is used as a basis for improvements in the various areas.

ERGO's goal is to become one of the leading digital insurers by 2025 – both in Germany and in its core international markets. This reflects our customers' desire to purchase insurance and receive customer service digitally. ERGO is driving topics such as robotics, artificial intelligence and voice technology in Germany and internationally, and is expanding its digital business models and ecosystems, as well as its annex business.

It has already established numerous customer-oriented services and digital processes that help customers contact ERGO, and more are planned. ERGO is also constantly working on modernising its offerings with simple and intuitive products for both its private and commercial customers.

ERGO also regularly examines social issues with its study series, ERGO Blickpunkt. As an example, over 2,000 people were surveyed online on behalf of ERGO about what consumers think about insurers and sustainability. The study results were communicated externally in 2022. Furthermore, ERGO regularly publishes consumer information publications containing tips for a more climate and environmentally friendly approach to societal issues (e.g. buy more sustainable gifts, delete data for more climate protection, save water in daily life, etc.).

Our most recent NPS of 60 for reinsurance in 2022 is very high – higher again than the 2020 figure of 56. The NPS is measured on a scale of –100 to +100.

3.2 Responsible investment

> GRI 3-3; 201-2; 203-1; 203-2

Our business model as an insurer has a long-term focus. Sustainability criteria therefore play a key strategic role in investments. As a large asset owner and investor, Munich Re is aware of its responsibility and its effect on sustainability. We are obligated to invest sensibly and profitably in a manner that adheres to strict security and return requirements, which is why we integrate sustainability criteria into our investment decisions.

The majority of Munich Re's investments worldwide are managed by its asset manager MEAG. Munich Re also works with third-party asset managers for selected asset classes. In addition, Munich Re Investment Partners was established as an asset management boutique with a dedicated focus on sustainability.

Sustainability in our investment strategy

Strategy development and implementation

Munich Re was one of the first signatories of The Principles for Responsible Investment (PRI) and is an active member of the Net-Zero Asset Owner Alliance (NZAOA). In 2020, we announced a climate commitment to be net zero by 2050, which has become an integral part of the Group Ambition 2025, and is also in accordance with the NZAOA.

Our Group-internal asset managers, MEAG and Munich Re Investment Partners, have also been PRI signatories since 2021.

We regularly develop our strategy for sustainability in investments in line with the latest scientific insights and through active dialogue within the NZAOA and PRI. An important enhancement to our ESG approach has been the strengthening of human rights and biodiversity aspects, as well as our modified considerations for oil and gas investment across several asset classes.

Sustainability in our investment strategy is enforced and developed through an impactful governance structure, detailed in the Responsible Investment Guideline (RIG), and implemented on the basis of four key pillars:

- Systematic integration of ESG criteria
- Stewardship
- Defined exclusion criteria
- Selected ESG-focused investments

The integration of ESG criteria helps us identify further risks and opportunities by going beyond standard financial analysis. We are convinced that consideration of ESG aspects across our investment processes will lead to better investment decisions in the long term.

Stewardship means that we engage with selected companies we have invested in to promote improving their sustainability standards. We have expanded our respective activities and became an endorser of the PRI Advance Stewardship Initiative in 2023. We will strive to continue this growth path through additional corporate engagement via Climate Action 100+ (CA100+) and increased proxy voting activities.

Exclusion criteria form part of our RIG, which guides the implementation of our strategy for sustainability in our investments. The RIG covers PRI and ESG requirements that affect the Group's investment management.

ESG-focused investments aim to contribute positively to the sustainability of our investments. In the spirit of creating shared value, Munich Re identifies and uses economically sound investment opportunities to create potential positive externalities.

Decarbonisation approach to investments

As part of Ambition 2025, the Group adopted a climate strategy for investments that includes targets to decarbonise its asset portfolio by 2050. These targets are also in line with our active membership in the NZAOA.

Munich Re set financed greenhouse gas (GHG) emissions targets related to investments in the asset classes of listed equities, corporate bonds and direct real estate, based on the NZAOA's target-setting framework. We will endeavour to reduce net financed GHG emissions in the asset classes mentioned above by 25–29% by 2025, compared to the base year 2019, as an intermediate step to achieving our ambition of net-zero emissions by 2050.

Specific sector reduction targets were also set for listed equities and corporate bonds:

- For thermal coal investments – in particular mining and/or power generation – we aim to reduce financed GHG emissions by more than 35% by 2025 compared to the base year 2019. We plan to phase out thermal coal completely by 2040.
- For oil and gas investments (in particular: drilling and production, refining and distribution), we aim to achieve a reduction in financed GHG emissions of more than 25% by 2025 compared to the base year 2019.

Transition of investment portfolio

Assets | Financed GHG emissions

Today

No direct investment in companies with:

>15% revenue from thermal coal[1]
>10% revenue from oil sands
New Oil and Gas Guideline (as of April 2023): Revised approach to no longer invest in projects and companies[2]

2025

Total[3]	**-25% to -29% emissions**
Thermal coal[4]	-35% emissions
Oil and gas[4]	-25% emissions

Required commitment from listed integrated oil and gas companies with the highest relative and absolute emissions to achieving net-zero greenhouse gas emissions by 2050

2050

Total	**Net zero by 2050**
Thermal coal	Full exit by 2040

Next steps until 2025

Asset class targets
We aim to reduce the financed emissions of our listed equities, corporate bond and direct real estate portfolio by 25-29% (scope 1+2 emissions of investee companies).

Sector targets
We set specific emission reduction targets for listed equities and corporate bonds for thermal coal (-35%) and oil and gas (-25%).

Aiming for positive contribution
We have already reached our 2025 renewable portfolio target of €3bn and will endeavour to continue investing in renewables.

Initiating dialogue
We concentrate on and engage with the large contributors of financed emissions within our listed equities and corporate bond portfolio.

[1]Exceptions for companies with revenues in thermal coal between 15% and 30% are possible in individual cases, where an active engagement dialogue has been established with the company. | [2]Direct illiquid investments in projects exclusively covering the planning, financing, construction, or operation of a) new oil and gas fields in cases where, as at 31 December 2022, no production had taken place; or b) new midstream infrastructure related to oil which had not been under construction or in operation as at 31 December 2022; and c) new oil-fired power plants which were not yet under construction or in operation as at 31 December 2022. Furthermore, in its own listed equities and corporates portfolio, as of 1 April 2023, Munich Re ceased to conduct new direct investments in pure-play oil and gas companies. | [3]Based on sub-portfolio of listed equities, corporate bonds and direct real estate. Compared to base year 2019. | [4]Based on sub-portfolio of listed equities and corporate bonds. Compared to base year 2019.

Achievement of the financed GHG emission reductions targets is measured by corresponding Key Performance Indicators (KPIs). The financed GHG emissions of listed equities and corporate bonds are calculated using data from the external ESG data provider, Institutional Shareholder Services Inc. (ISS). For the direct real estate portfolio, the consumption for all major energy sources is determined by our asset manager, MEAG, divided into scope 1 and 2 and then aggregated based on a model.

The total scope 1 and 2 financed GHG emissions of listed equities, corporate bonds and direct real estate in our portfolio was reduced by 47.3% compared to the 2019 baseline, which indicates that we are on track to meet the corresponding reduction targets. The reported reductions in total absolute financed GHG emissions include the following factors: for total absolute financed GHG emissions, +0.2 percentage points of the reduction compared with the previous year stems from updated emissions data supplied by our data provider. Interest rate changes impacted the market values of debt instruments and thus total absolute financed GHG emissions. If we were to use the nominal value instead of the market value for debt instruments, the reduction would have been 42.7% (instead of 47.3%) relative to the 2019 base year.

Development of GHG emissions (scope 1 and 2) compared to the 2019 base year (Munich Re Group Ambition 2025)[1]

%	31.12.2023	Prev. year
Listed equities, corporate bonds and direct real estate	-47.3	-45.7
Thereof: listed equities and corporate bonds from companies in the thermal coal segment – in particular mining and/or power generation	-54.3	-47.5
Thereof: listed equities and corporate bonds from companies in the oil and gas segment – in particular drilling and production, refining and distribution	-55.1	-28.9

Another metric used to assess investment in listed equities, corporate bonds and direct real estate in our Ambition 2025 is the relative CO_2e footprint (t CO_2e/€m invested). The financed GHG emissions of this portfolio are expressed in relation to the market value of our investments. The amount was 75 (t CO_2e/€m invested) on 31 December 2022; as at 31 December 2023, it was 68 (t CO_2e/€m invested).

The metric's denominator takes into account all market values of the investments that fall under the scope of the Munich Re Group Ambition 2025. This also includes market values of investments for which no CO_2e data is available to us. Data availability therefore also influences this metric in addition to the actual progression of the portfolio's CO_2e footprint. In the reporting year, CO_2e data was available to us for 93.6% of the investments in the scope of the denominator.

Absolute financed GHG emissions (scope 1 and 2)[1]

t CO_2e	31.12.2023	Prev. year
Listed equities, corporate bonds and direct real estate	3,016,864	3,113,093
Thereof: listed equities and corporate bonds from companies in the thermal coal segment – in particular mining and/or power generation	234,194	269,179
Thereof: listed equities and corporate bonds from companies in the oil and gas segment – in particular drilling and production, refining and distribution	463,260	734,197

[1] For listed equities, corporate bonds based on the available CO_2e emissions from the data provider ISS ESG (usually CO_2e emissions from the previous year). For direct real estate, CO_2e emissions for the 2023 reporting year are approximated due to a lack of available data at the time of publication. They are based on available CO_2e emissions from the previous year and CO_2e emission reductions as a result of implemented energy-saving measures, provided they can be verified and measured.

3.2 Responsible investment

ESG investment governance

Relevant committees

Strategic decisions on sustainability in our investments are taken by the Board of Management, or, more specifically, by the ESG Committee, a subcommittee of the Strategy Committee. The members of the Strategy Committee are part of the ESG Committee, as is the Head of the central division Economics, Sustainability & Public Affairs (ESP).

The ESG Committee is supported by the ESG Management Team, which is responsible for the implementation and monitoring of the Group-wide ESG strategy. These two committees are complemented by the ESG Investment Committee, which focuses on implementation of the ESG investment strategy. The latter includes members from Group Investment Management (GIM), MEAG, Munich Re Investment Partners, and central divisions of Munich Re – including the Head of ESP, who is Chair of the ESG Management Team.

Overall responsibility for the Group's investment management lies with the Chief Investment Officer (CIO). The GIM unit is responsible for sustainability in our investment strategy of the Group as asset owner and has a dedicated ESG team.

The GIM Reputational Risk Committee addresses reputational risks, complementing the existing committees throughout the Group.

Governance for sustainability in our investments

= Committees dealing with reputational risk

Asset manager specifics

Munich Re's investments are largely managed by MEAG, the global asset manager of Munich Re and ERGO. MEAG ensures that the Group's investments are managed in conformity with uniform policies and principles. MEAG's sustainability experts focus on the continuous strengthening of ESG integration and stewardship activities across all major asset classes. Additionally, MEAG's Board has adopted a sustainability strategy and established a dedicated governance structure that underlines its commitment to further strengthening its ESG approach.

MEAG's ESG team has a direct reporting line to the Management Board of MEAG and is supported by ESG multipliers across different asset classes. For reputational risks, MEAG has established a MEAG Reputational Risk Committee.

Our specialised asset manager, Munich Re Investment Partners, is a climate-driven investment manager that leverages the climate and investment expertise of Munich Re.

Specific assets are also outsourced to external asset managers. A dedicated team within GIM is responsible for the selection process and verifies that ESG-specific issues are included in it. Munich Re requires new asset managers to be either PRI signatories or to be in the process of becoming one.

After the onboarding process, all selected asset managers are monitored on their ESG commitments on a regular basis.

Steering of ESG activities

In principle, the management of our investments is based on four pillars: systematic integration of ESG criteria into the investment process, stewardship, defined exclusion criteria within the framework of our guidelines, and selected investment focus areas, such as renewable energy and green bonds. The RIG is the overall steering instrument as it sets out requirements for MEAG and all Munich Re's asset managers.

Munich Re also participates in various NZAOA working groups, e.g. on engagement or policy, and supports selected publications.

Systematic integration of ESG criteria

The systematic integration of ESG aspects is an important component of our investment strategy. Defined ESG criteria are incorporated into the investment processes for our asset classes.

It is Munich Re's conviction that integrating ESG criteria into investment decisions contributes to better, more holistic risk management of the assets we own. Munich Re is convinced that ESG integration leads to higher risk-adjusted returns over a market cycle. Furthermore, Munich Re combines various approaches to ESG integration across our investment value chain, from strategic asset allocation through to asset management. This helps identify risks and opportunities beyond standard financial analysis.

Besides the dedicated ESG teams, there are ESG multipliers throughout GIM and MEAG to further integrate sustainability across the investment value chain. The ESG multipliers continuously build asset class-specific ESG expertise and are responsible for the integration of ESG criteria in the investment process. Dedicated ESG multipliers have also received ESG certification from external institutes.

Public markets

ESG risks are considered in the asset allocation process for public markets. We screen the vast majority of assets for ESG risks in direct liquid asset classes, such as equities, corporates, government and covered bonds. The ESG rating is designed to measure a company's resilience to long-term environmental risks (climate and biodiversity), social risks (human and worker rights) and governance risks. ESG screening aims to identify ESG leaders and laggards in direct listed asset portfolios. The KPI "Rating coverage of liquid asset classes" represents the ratio of the liquid asset classes (equities, corporate and government bonds and covered bonds) with an MSCI ESG rating to the total of these liquid investments. Calculation of the ratio is based on market values.

Rating coverage of liquid asset classes

%	31.12.2023	Prev. year
Rating coverage of liquid asset classes	95.3	95.4

To evaluate the return/risk profile of various investments in equities and corporate bonds, MEAG's portfolio managers and credit analysts make systematic use, among other data sources, of available ESG analyses, including research from investment banks. This allows risks and opportunities arising from sustainability issues to be integrated into investment decisions.

Specific government ratings aim to complement traditional sovereign debt analysis when analysing a country's creditworthiness, by providing a long-term view on ESG criteria and risks. These ratings identify the country's exposure to and management of ESG risks, as these factors have an important bearing on the long-term competitiveness and sustainability of a country's economy and, in turn, on the attractiveness of the country as an investment destination. In cases where countries fail to satisfy MEAG's criteria, MEAG refrains from investing in their bonds from sovereigns, sub-sovereigns or government agencies.

Alternative assets

ESG factors are of particular importance due to the long-term nature of alternative investments. MEAG and Munich Re therefore take ESG criteria into account during the selection of investment opportunities and in investment and asset management processes. Asset class-specific ESG criteria have therefore been defined by MEAG's ESG experts and are applied to assess every new investment in alternative assets.

Real estate

Together, Munich Re and MEAG consider sustainability aspects in the purchase, construction, and renovation of real estate and implement ESG criteria when performing due diligence for new investments. This can include, for example, examining the geographic properties of a site, analysing energy consumption and GHG emissions, looking at the technical facilities used, and considering social aspects of the investment project. With the management of existing properties, this includes continuously evaluating energy optimisation measures, as well as encouraging tenants to use their buildings in a sustainable way.

Furthermore, Munich Re is aiming for net-zero emissions from its real estate portfolio by 2050 as part of its NZAOA commitment. In addition to in-depth energy analyses of individual properties, measures taken so far include the optimisation of technical systems to increase energy efficiency, construction measures such as insulation to reduce energy consumption, and the purchase of green electricity and green district heating.

Since 2020, MEAG MUNICH ERGO Asset Management GmbH has been a member of the ESG Circle of Real Estate (ECORE) initiative, which advocates for a sustainable real estate industry.

Infrastructure equity and debt

MEAG and Munich Re focus on long-term investments with a buy-and-hold approach. The longer the investment horizon, the more important the assessment of ESG criteria in the due diligence becomes. For each new investment, MEAG places great emphasis on the assessment of ESG risks in the due diligence phase, including biodiversity aspects, climate change, transitional risks, natural hazards and cyber risks. MEAG specialists work closely with Munich Re's technical, insurance and ESG experts, among others, to ensure that relevant risks are thoroughly considered from a sustainability perspective.

Forestry and agriculture

Forestry and agriculture are attractive asset classes, as they provide the opportunity to benefit from the value of a naturally growing commodity. ESG considerations are comprehensively integrated into the investment process. Environmental, climate change and biodiversity aspects, as well as human rights and workforce safety issues, are among the major topics considered.

When buying forestry or agriculture assets, MEAG requires that the following aspects are considered as part of the due diligence process:

- no conversion of native growth forests that are rare and ecologically significant at a landscape level
- no adverse impacts on ecosystems with exceptional conservation value, e.g. the UNESCO list of World Heritage Sites of natural or mixed cultural and natural heritage
- avoid land grabbing or land speculation

When managing forestry and agriculture, MEAG considers the following criteria:

- Sustainable management of the acquired land, e.g. independent certification of forest management or organic farming. Managing streamside buffer zones to preserve the river ecosystem and avoid erosion is an example of a sustainable management practice in forestry. An example of sustainable agricultural management is ensuring frequent crop rotation to safeguard soil quality.
- Funding of and participation in projects with positive ESG effects includes carbon storage through afforestation and preserving the habitat of endangered species. Independent reviews of applied management practices in forestry and agriculture are of the utmost importance, since they verify sustainable ongoing management activities. For example, the management of all forestry assets must be certified by the Forest Stewardship Council and/or the Programme for the Endorsement of Forest Certification or equivalent within 5 years of acquisition, both of which set strict national standards for sustainable forest management, including social and environmental criteria.

3.2 Responsible investment

Stewardship

As a responsible asset owner, effective stewardship of assets is of particular importance for us and an integral part of our commitment to uphold the principles of sustainability in our investment strategy. Stewardship activities, which encompass engagement with investee companies and the exercise of proxy voting rights as well as our asset manager steering, are essential tools for protecting and enhancing the long-term value of our investments.

Munich Re engages, directly or via asset managers, with investees to promote high sustainability standards. Stewardship aspects we focus on include:

- engaging with investees, issuers, and with our third-party asset managers,
- holding these parties to account on defined material issues,
- collaborating with others (e.g. NZAOA, Climate Action 100+, PRI Advance[1]),
- exercising voting rights and responsibilities.

One focus area of our stewardship activities is our ESG strategy. It aims to contribute to fulfilling the Paris Agreement.

GIM sets the framework on Munich Re's expectations for engagement and voting activities of its asset managers. As Munich Re's internal asset manager, MEAG fulfils most of the stewardship activities in close contact and alignment with GIM.

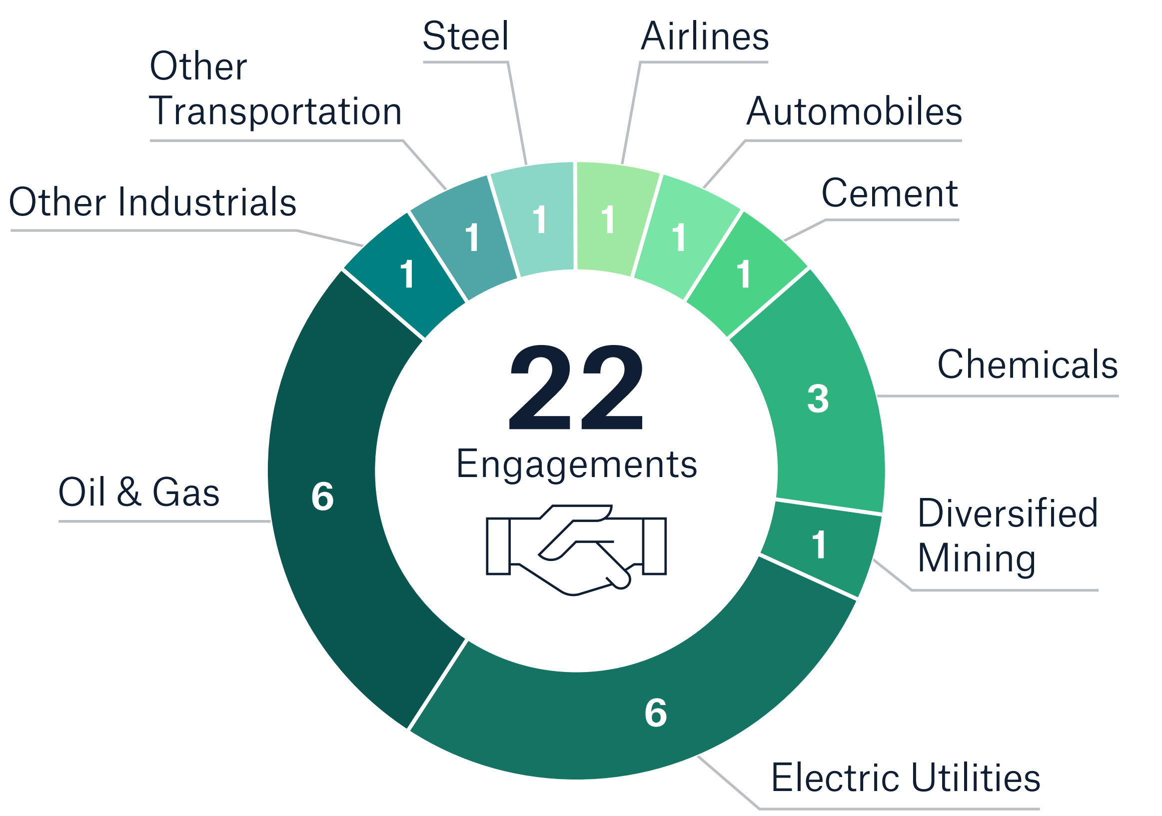
External asset managers are expected to carry out their own engagement approach and provide an annual report containing an overview of their engagement cases and targets, as well as the activities they are planning. This serves to track the progress of the companies in question.

The Munich Re ESG Investment Committee approves proposed stewardship targets (e.g. company engagements or proxy voting activities) with a focus on meeting climate investment goals, sustainability risks, controversies and opportunities, as well as general stewardship matters that protect the investment interests of Munich Re. These goals are reviewed on a regular basis. As an escalation mechanism, the ESG Investment Committee decides on investment consequences for specific holdings where stewardship goals are not met. The Munich Re ESG Investment Committee is informed on a yearly basis about proxy voting and discusses the proxy voting results of the season.

In 2023, MEAG joined 12 other CA100+ engagement groups, resulting in a total number of 22 contributions. One of these engagements was closed in 2023 as the engaged company is no longer on the focus list of CA100+.

In addition to collaborative engagements, MEAG conducts individual engagements for selected retail funds on controversies. MEAG will continuously increase the scope of its commitments in this regard as it monitors the progress and evaluates the success of ongoing engagements. Further information on MEAG's engagement approach and the Group's governance structure is available in MEAG's Engagement Policy.

CA100+ Engagements per Sector in 2023

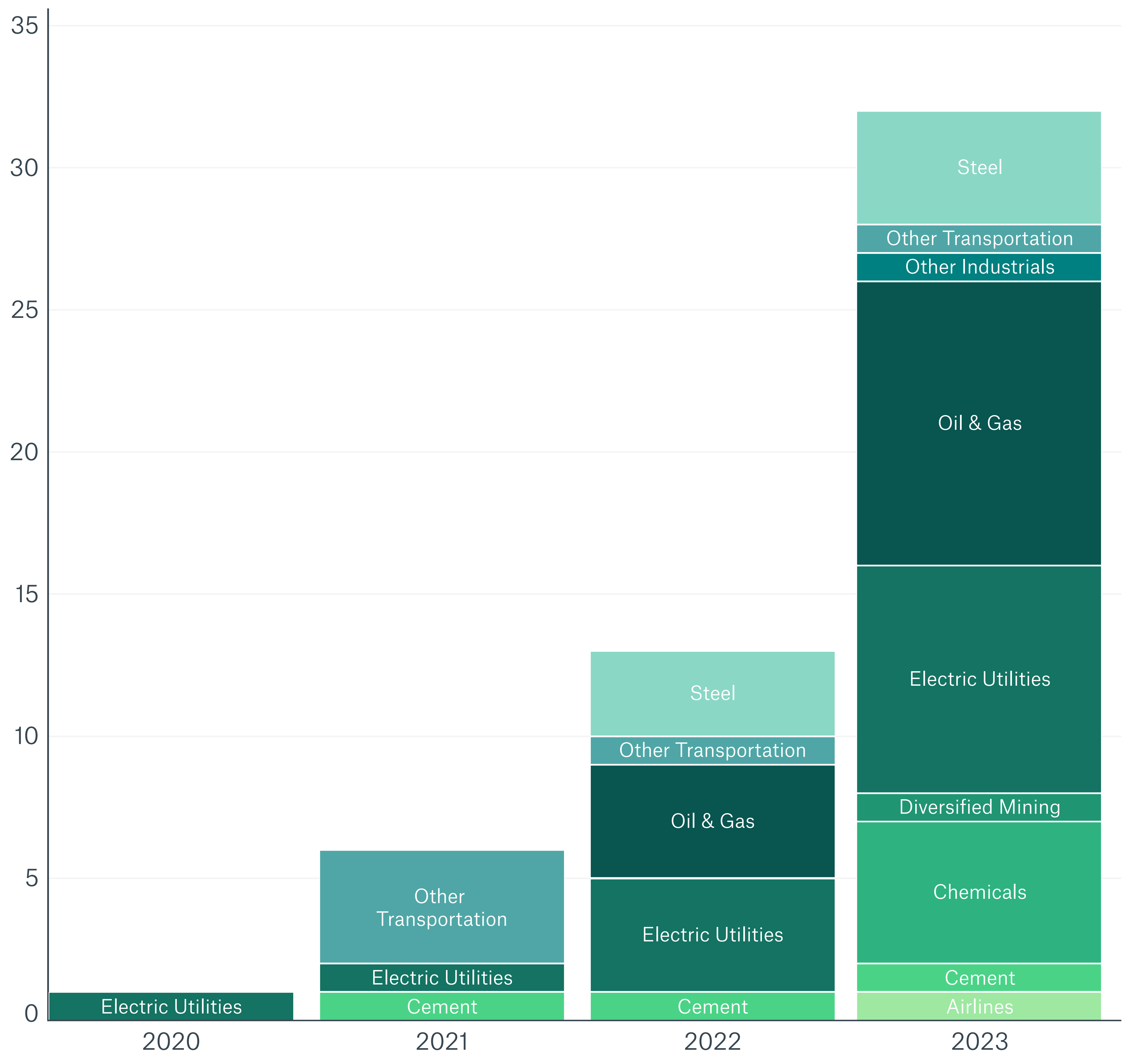


[1] Advance is a PRI-led collaborative initiative where institutional investors seek to advance human rights and positive outcomes for people through investor stewardship.

Engagement

As displayed in graph Number of Contributing Contacts within CA100+, MEAG continuously expanded its contributions to the 22 CA100+ engagement groups through an increased number of contacts with investor groups and engaged companies. MEAG engages in dialogue and coordinates with issuers, a process that was further supported by Munich Re and MEAG joining the Climate Action 100+ engagement initiative in 2020. GIM sets the overarching objectives for these collaborative engagement activities to achieve the Ambition 2025 target of engaging with large contributors of financed emissions within our listed equities and corporate bond portfolio. MEAG engages on a global scale across different sectors. This is outlined in the following diagram illustrating CA100+ engagement activities.

Number of Contributing Contacts within CA100+



3.2 Responsible investment

Voting activities

Exercising voting rights is a fundamental part of stewardship activities, and the processes take into account aspects of ESG and corporate governance. MEAG exercises voting rights at the annual general meetings of shareholding companies on behalf of Munich Re.

Using defined criteria, MEAG exercises shareholder voting rights for its investors, either directly or through a voting representative, IVOX/GlassLewis. The criteria consider both applicable laws and the analysis guidelines for shareholder meetings of the German Federal Association for Investment and Asset Management (Bundesverband Investment und Asset Management (BVI)) and the German Corporate Governance Code.

The principles found in the MEAG Participation Policy and Proxy Voting Policy (see the MEAG website) serve as the basis for enabling individualised and transparent decisions.

In 2023, MEAG expanded its stewardship approach by linking the CA100+ engagement progress evaluation with the decision on executed votes. This further strengthened the important focus on ESG and specific climate aspects. Records of all voting decisions are publicly available.

Proxy Voting Results are displayed in the Annual Report at the end of this page: MEAG Participation Policy ESG exclusions

Defined exclusion criteria

To further ensure alignment within our investment value chain, we define exclusions from the investment universe to avoid undesirable activities that do not fit in with our ESG strategy. We also single out sectors for careful analysis that may need to be restricted due to their GHG footprints.

Relevant exclusions are laid down in our RIG. The exclusions apply to Munich Re's own direct investment portfolio, regardless of the asset managers.

Munich Re does not invest in companies that generate more than 30% of their revenue from thermal coal. Companies whose revenue from thermal coal is between 15% and 30% are also excluded from its investment universe or, in individual cases, are actively supported in the transition to renewable energy within the framework of an engagement dialogue.

To support the transition to a low-carbon economy, we will continue to invest in the green bonds of excluded issuers provided the issuing company publicly commits to a 2050 net-zero target (or Paris-aligned pathway), as well as a thermal coal exit by 2040 at the latest. We additionally demand accreditation by a Green Bond Framework that is compliant with certain standards, such as the ICMA Green Bond Principles.

The following are also excluded from our investment universe:

- Direct investments in equities or bonds of listed issuers linked to controversial weapons – this refers to companies that are involved in the production of whole weapon systems or components with intended use for respective weapon categories;
- Government bonds (including the sub-sovereign level) and notes from government-related institutions in countries with an MSCI ESG rating of CCC;
- Trading or holding investments in food-related commodities (e.g. grains and oilseeds, livestock, dairy, etc.) or related derivates. This prohibition does not apply to the farming and/or leasing of farmland or forest, including typical and usual risk management instruments in the agricultural and forestry industries (e.g. forward sales, currency hedging, variety licences).

Our approach to the oil and gas sector:

As of 1 April 2023, we no longer invest in projects exclusively covering the planning, financing, construction, or operation of:

- new oil and gas fields in cases where, as at 31 December 2022, no prior production had taken place; or
- new midstream infrastructure relating to oil that had not been under construction or in operation as at 31 December 2022; and
- new oil-fired power plants that were not yet under construction or in operation as at 31 December 2022.

To further facilitate the achievement of the Paris Climate Agreement targets, we ceased making new direct investments in pure-play oil and gas companies as of 1 April 2023. We define pure-play oil and gas companies as companies listed in the Global Industry Classification Standard (GICS) “Oil & Gas Subindustries” but excluding the classification “Integrated Oil & Gas”.

We may selectively invest in green bonds issued by oil and gas companies that are compliant with an accredited green bond framework (such as the ICMA Green Bond Principles or future EU Green Bond Standards) and where the issuer has a public commitment to a 2050 net-zero target (or Paris-aligned pathway) and an oil and gas exit strategy by 2040.

Moreover, we have communicated that, as of 1 January 2025, we will require a credible commitment from listed Integrated Oil & Gas companies with the highest relative and absolute emissions to achieving net-zero greenhouse gas emissions by 2050, including a commitment to corresponding short- and mid-term milestones. These companies are selected based on relative and absolute emission thresholds that capture at least 85% of the combined absolute CO_2e scope 1 and 2 emissions of integrated oil and gas companies based on 2020 data provided by ISS ESG.

We are aware of the problematic effects of Arctic oil and gas activities. Consequently, direct alternative investments in oil and gas exploration and drilling within the Arctic region, as specified by the AMAP (Arctic Monitoring and Assessment Programme) and AHDR (Arctic Human Development Report), are not permitted.

Also excluded from investment are companies that generate more than 10% of their turnover from the extraction of oil sands.

In 2022, we further developed our approach for exclusions based on human rights violations and biodiversity considerations. A list of companies linked to severe human rights violations is regularly compiled based on external data sources. Such companies are then excluded from our universe of direct investment in equities and corporates. Similarly, direct investments in the sovereign bonds of countries with the most severe human rights violations are also excluded.

3.2 Responsible investment

With regard to biodiversity, we focus on avoiding direct alternative majority investments via MEAG in environmentally sensitive areas or those with great biodiversity (as defined by the UNESCO list of Word Heritage Sites of natural or mixed cultural and natural heritage) if the investments are linked to an industry with a specific detrimental effect on biodiversity. This means that during the initial project acquisition, a screening based on geolocation data is carried out, which is further substantiated during the due diligence process. For indirect alternative investments (e.g. fund investments) and for investments via non-Group asset managers, Munich Re has limited transparency and influence regarding the above restrictions. In such cases, we engage the counterparty and apply best efforts to include the restrictions in the fund documentation (e.g. side letter). If this is not possible, Munich Re may still choose to invest if the counterparty provides solid reasons in writing as to why the exclusion is not possible as well as its policy on biodiversity, or explains its general approach to biodiversity to our satisfaction.

ESG-focused investments and opportunities

In the spirit of creating shared value, Munich Re uses economically sound investment opportunities to create potential positive externalities. These include investments in renewable energy, forests with certified management, certified buildings, and green bonds. An expansion of the ESG Focus portfolio is envisaged in the medium term.

ESG-focused investments

	31.12.2023 | €m	Prev. year | €m	Change | %
Green bonds	3,633	2,326	56.2
Renewables	3,130	2,368	32.2
Certified real estate	2,565	2,633	-2.6
Certified forestry management	1,928	1,537	25.4

The KPIs for ESG-focused investments are the sum of the market values in the respective asset classes.

Renewable energy and green bonds

Through our investments, we aim to promote the use of future technologies which have the potential to reduce greenhouse gas emissions.

With this in mind, MEAG invests in infrastructure projects around the world, such as solar power plants and wind farms, and also in green bonds that are linked to investments like renewable energies, sustainable waste management, biodiversity conservation or sustainable land use. In 2023, investments (equity and debt) in renewable energy were approximately €3.1bn and thus within the range of our targets set as part of Ambition 2025. Investment in green bonds amounted to approximately €3.6bn.

The classification of the green bond portfolio is determined on the basis of the assessment of the issue documents by WM Datenservice. Within the portfolio we rely on a balanced, diversified mix of corporate and sovereign-related issuers.

In the medium term, we envision an expansion of the ESG-focused portfolio, which is expected to increase the EU Taxonomy eligibility of our investments.

Certified real estate and forest investments

Munich Re wishes to support climate change mitigation and therefore focuses on specific certifications related to the real estate and forest investment asset classes.

3.2 Responsible investment

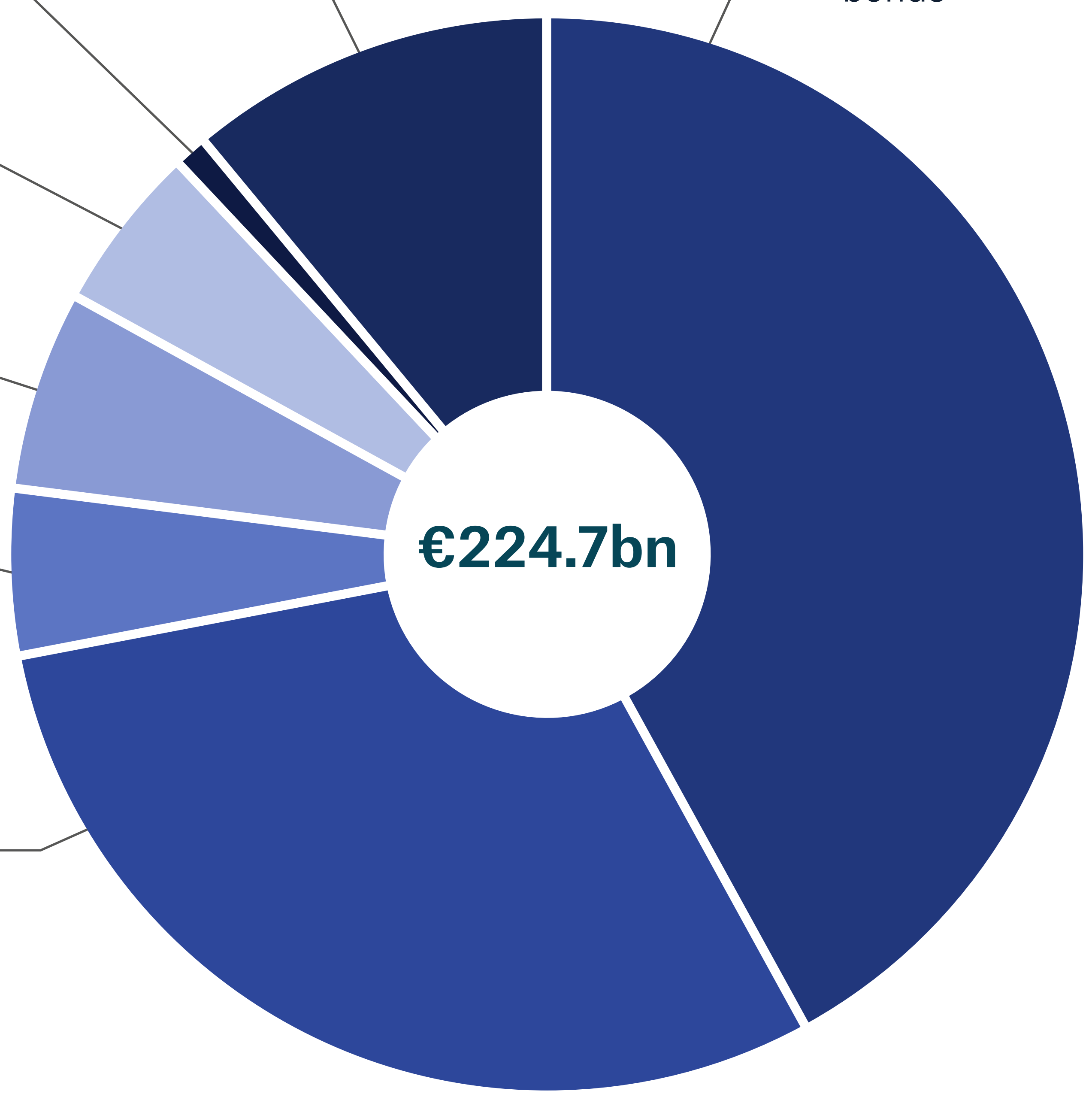
For real estate investments, we focus on energy efficiency and green buildings. We aim to certify the properties in accordance with the Building Research Establishment Environmental Assessment Method (BREEAM), Leadership in Energy and Environmental Design (LEED), the German Sustainable Building Council (DGNB), or to have equivalent certifications that contribute to sustainability.

Furthermore, new direct real estate investments must also obtain a recognised level of certification.

Sustainable forest management is the key objective of any forest investment. We focus on forest investments where management of the forest is certified by the Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification Schemes (PEFC), or an equivalent organisation. The asset manager applies ESG criteria for each investment as part of the due diligence process and later in the ongoing management activities.

Munich Re forest investments whose management is certified according to the above definition comprise approximately 300,000 hectares.

Total investments Munich Re, % of total market value (31.12.2023)*



* To highlight the sustainability criteria, the composition of the asset classes has been slightly adjusted.

Munich Re's issued green bonds

Munich Re has issued three green bonds, of which one is a US dollar-denominated bond with a volume of US$ 1.25bn issued in 2022 and two are euro-denominated bonds with volumes of €1bn and €1.25bn, issued in 2021 and 2020 respectively. With these green bonds, Munich Re aims to contribute to fulfilling the Paris Agreement and supporting its strategic goal of significantly increasing investments in energy efficiency and renewable energies to combat climate change. The net proceeds of all green bonds issued have been fully allocated to eligible projects in accordance with Munich Re's Green Bond Framework. The net proceeds of Munich Re's latest green bond, issued in 2022, were allocated to seven projects in Europe, the United States and Australia. In May 2023, the corresponding allocation and impact report was published.

Munich Re's Green Bond Committee is responsible for governing the selection and monitoring of the eligible projects. On a regular basis, the committee assesses whether recommended projects are in line with the eligibility criteria and exclusions set out in Munich Re's Green Bond Framework, as well as with the RIG.

The Green Bond Committee reviews the list of eligible projects against the eligibility criteria and exclusions on an annual basis. If a project no longer meets the eligibility criteria specified in the Green Bond Framework, the project is removed and replaced as soon as one or more eligible projects have been identified as a substitute.

For each of its green bonds, Munich Re has committed to publish an allocation and impact report on its website one year after issuance of the green bond, and annually thereafter until full allocation of the net proceeds, as well as in the event of any material changes to the allocation for as long as the green bond is outstanding.

The KPI "Volume of green bonds issued" represents the collected capital of the green bonds issued.

Green bonds

	31.12.2023	Prev. year	Change | %
Volume of green bonds issued in €m	2,250	2,250	0.0
Volume of green bonds issued in US$ m	1,250	1,250	0.0

Further information on our Green Bond Framework and allocations can be found within our Green Bond Allocation and Impact Report

Examples of MEAG investment products

MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH has a long history of ESG investment, since offering its first sustainable investment fund in 2003. In the interim, its range of sustainable investment products for private and institutional clients has steadily increased. The three ERGO Vermögensmanagement funds, MEAG Nachhaltigkeit and MEAG FairReturn all promote environmental and social product characteristics and are transparent in line with Article 8 of the EU Sustainable Finance Disclosure Regulation.

The ERGO Vermögensmanagement funds comprise three of MEAG's sustainable mutual investment funds. These mulit-asset funds invest globally and apply sustainability criteria and relevant exclusion policies.

ERGO Vermögensmanagement Robust – Nachhaltigkeitsbezogene Offenlegungen

ERGO Vermögensmanagement Ausgewogen – Nachhaltigkeitsbezogene Offenlegungen

ERGO Vermögensmanagement Flexibel – Nachhaltigkeitsbezogene Offenlegungen

The MEAG Nachhaltigkeit fund was launched in 2003 and invests worldwide in developed markets, primarily in companies with responsible management practices. For the years 2022 and 2023, the equity fund was awarded the one-star label for sustainable investment by the Forum Nachhaltige Geldanlagen (FNG), reflecting the high ESG standards of this product. In 2024, MEAG Nachhaltigkeit was able to increase its FNG evaluation and received the two-star label.

MEAG Nachhaltigkeit - Nachhaltigkeitsbezogene Offenlegungen

MEAG FairReturn invests mainly in bonds and equities from issuers who act sustainably. Issuers are selected based on their environmentally friendly and socially responsible track record. Since 2022, MEAG FairReturn has also been awarded the one-star label for sustainable investment by FNG, likewise reflecting the high ESG standards of this product.

MEAG FairReturn – Nachhaltigkeitsbezogene Offenlegungen

MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH additionally offers tailor-made sustainable investment products for institutional clients based on specific requirements and needs.

For detailed information please refer to the link:

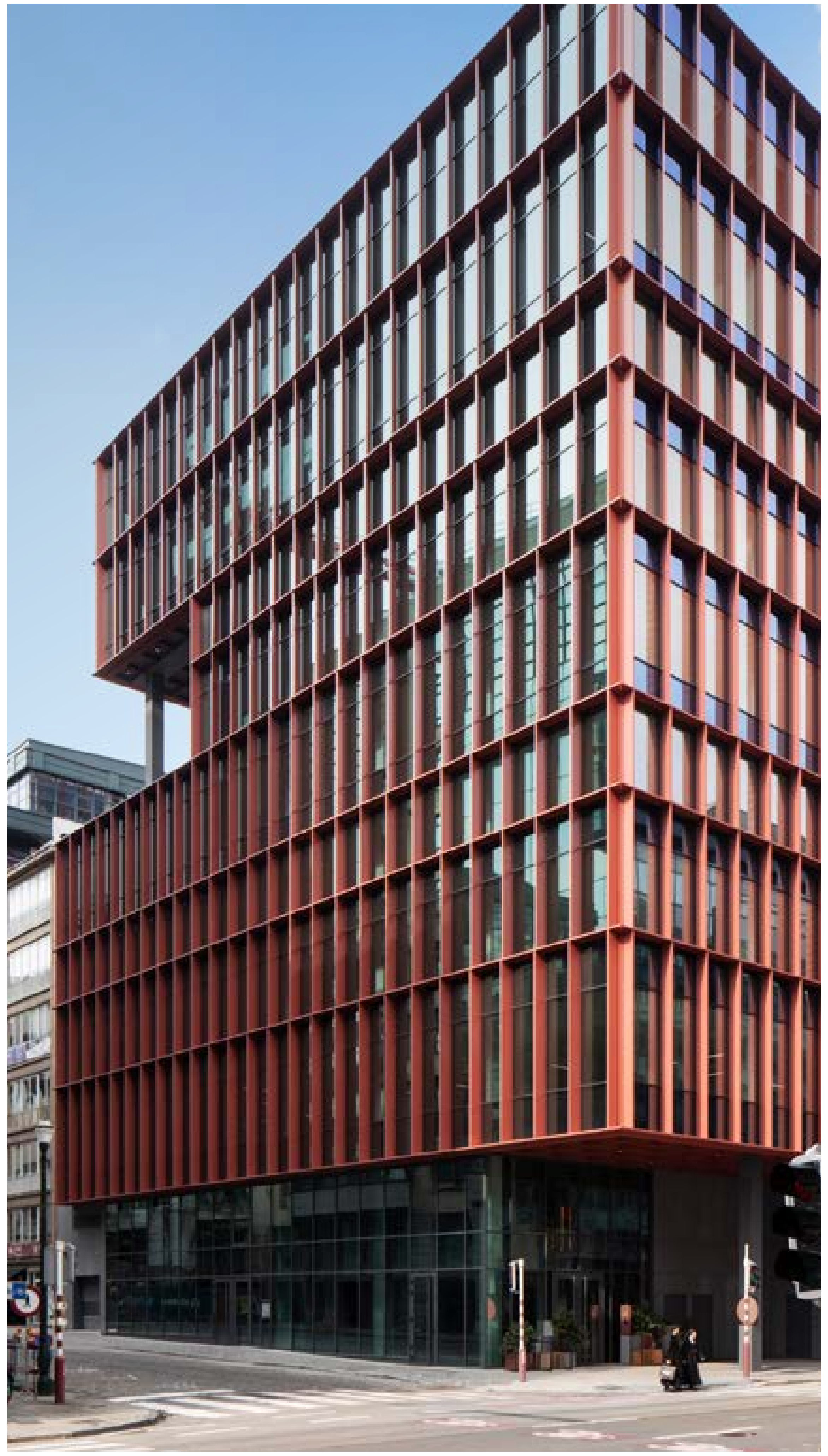
MEAG – Nachhaltig anlegen

ESG-focused investments / Case Studies 2023

Investment in leading German biomethane producer

MEAG acquired a 50% shareholding in a fully integrated German biomethane producer, which owns five biomethane and four biogas plants across Germany. MEAG seeks to contribute towards accelerating the transition to a net zero and circular economy firstly by significantly investing in upgrades of the existing plants, transitioning the plants' substrate mix to sustainable, waste-based sources, considering circular economy best practices and, finally, by reducing its carbon footprint through the installation of CO_2-liquefaction units.

Biomethane is one of the most cost-effective and readily available solutions for decarbonising a wide range of industry sectors – as a direct substitute for natural gas in electricity and heat generation, in the transport sector for LNG/CNG-fuelled vehicles and, increasingly, in the global shipping industry.



MEAG completes new development of a sustainable office building in Brussels

The 10-storey "Science 12" office building was completed at the end of May 2023 on the plot of an outdated office building owned by health insurer DKV. Modern technical equipment, future-proof sensor technology, and smart building solutions ensure best-in-class low energy consumption, as well as BREEAM-Excellent certification and lean asset management across the building's whole lifecycle. The peculiar copper-coloured facade design was inspired by a study of annual solar radiation and sets out to achieve the perfect balance between passive solar shading and optimal light conditions for the office spaces.

The building is located in Brussels' Leopold district, a 7-minute walk from the European Parliament, and is designed for demanding companies that require flexible headquarters.

Investment strategy followed by Munich Re Investment Partners

Munich Re Investment Partners is a specialist asset management boutique that is fully owned by Munich Re. It specialises in market-driven climate investment solutions that cater to the needs of asset owners committed to climate protection. To underscore its sustainable and climate investment commitment, the company is a member of the Net-Zero Asset Manager Initiative (NZAMI) and has signed the Principles for Responsible Investment (PRI).

Munich Re Investment Partners aims to create lasting financial and environmental value for its clients along the core themes of climate transition and emissions pricing. Its innovative climate investment solutions cover traditional and emerging asset classes such as carbon. The Munich Re Investment Partners EUA Strategy Fund, launched in 2023, is one of the first of its kind, allowing institutional investors to directly invest in EU Emissions Allowances (EUAs).

Learn more about Munich Re Investment Partners

3.3 Climate-related disclosure

> GRI 3-3; 201-2

Munich Re is a pioneer in analysing the consequences of climate change in the financial services and insurance sector. For more than 50 years, it has dealt with climate change and the related risks and opportunities for the insurance industry.

In the 1970s, as part of geo-risk research activities within the Company, Munich Re began investigating the causes behind costly losses from weather-related natural catastrophes (nat cat). Over the years, as scientific advances were made, the complexity of the issues became increasingly clear.

Today, we are part of a large scientific network that gives us access to the latest findings on climate change. The various findings from our analyses are consolidated on an ongoing basis and translated into relevant recommendations for internal use as well as for our clients.

The following section on climate change represents the Group's integrated climate-related disclosure. Content and structure follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in addressing our governance, strategy and risk management as well as metrics and targets regarding climate change. Certain content relevant for our approach to climate risks and opportunities is also covered in our Annual Report. An overview of where to find relevant content can be found in our TCFD index.

Governance

We have clearly defined the organisational responsibilities for sustainability throughout the Group. This also includes the management of risks and opportunities arising from climate change, which is an integral component of Munich Re's strategy. Material issues relating to sustainability and climate change are decided at Board level and handled at management level in various departments across the Group.

Board of Management and Supervisory Board level

Please refer to the ↘ ESG governance section to read about our ESG governance structures, including the Supervisory Board level, which also apply for climate-related issues.

The ESG Committee's objective is to strengthen the Group's ESG management and take fundamental strategic decisions with regard to ESG. It oversees Group-wide material climate-related topics, such as our climate strategy. Some specific aspects of climate change, such as physical and transitional climate risks or low-carbon solutions, are also discussed and decided in other committees at Board level.

3.3 Climate-related disclosure

Depending on the topic and agenda item, submissions are prepared, these include strategic proposals as well as defined objectives, budgeting, deliverables and Key Performance Indicators (KPIs).

Regular updates are provided to the ESG Committee regarding existing projects, activities, progress and current developments. Additionally, the ESG Committee is informed about strategic initiatives, new activities, innovations and unexpected developments.

Please refer to the ↘ Board remuneration section to learn how our remuneration system addresses climate change criteria.

Management level

The ESG Management Team has operational responsibility for the implementation and monitoring of climate-related decisions by the ESG Committee (see ↘ ESG governance) and delegates to the appropriate topic or business owner. Multi-disciplinary project teams are deployed to steer strategic plans, such as ↘ Munich Re's climate strategy, and to monitor progress and targets.

ESG governance at Munich Re is complemented by dedicated climate change experts in various central business divisions and departments. They include Munich Re's Chief Climate Scientist and Head of Climate Change Solutions; the Head of Geo Risks; the leading natural catastrophe expert in Corporate Underwriting; and Munich Re's Climate Litigation Task Force, consisting of experts from various underwriting and claims units in Munich and branch offices.

The development of low-carbon and risk solutions is integrated into the various business units and departments, such as Munich Re's Green Tech Solutions department, Hartford Steam Boiler, Munich Re's Capital Partners, Munich Re's Syndicate, and Munich Re's single-risk units, as well as at ERGO.

In 2023, we created our first global underwriting unit dedicated to insuring risks related to climate change mitigation and adaptation. A unit called "Green Solutions" was founded under the Group's direct insurance company, Munich Re Specialty Group and a dedicated chief underwriting officer was appointed.

The number of employees dealing with climate-related tasks has grown continuously in recent years. As a result, we now have numerous specialists in central and business units across the Group to handle specific aspects of climate change, decarbonisation, natural catastrophes and renewable energy/low-carbon solutions. Regarding the management of climate change risks, please also refer to the section on ↘ Risk management.

Established reporting structures enable coordination, monitoring and communication across the different business units and project teams. Regular meetings on ESG- and climate-related topics aim to ensure the exchange of information across the Group. Furthermore, a wide range of internal training courses and information events on the above-mentioned topics aims to sensitise and further develop the competencies of our employees.

Strategy

Since 2008, Munich Re has had a holistic climate strategy in place that has continuously evolved. Our Group-wide objective is to contribute to achieving the goals of the Paris Agreement.

Our strategy is based on the following three core elements:

- decarbonisation targets
- comprehensive climate risk management and
- the provision of innovative risk transfer solutions aimed at adapting to and mitigating climate change

Further details can be found in the graphic and the following paragraphs.

Our strategy spans our asset portfolio, our liabilities and our own operations. We amplify our climate expertise through global initiatives and partnerships (see ↘ Sustainability strategy)

Munich Re climate strategy

	Our decarbonisation targets	Comprehensive climate risk management	Innovative climate solutions
Assets	- Total: net zero by 2050 - Thermal coal: full exit by 2040	Climate risk management for both assets and liabilities: - Physical risks - Transition risks - Reputational and ESG risks - Litigation risks	- Investing in low-carbon technologies and innovations - Green bond issuance
Liabilities	- Total: net zero by 2050 - Thermal coal: full exit by 2040		- Climate risk analysis services - Risk transfer solutions for climate change mitigation and adaptation
Own operations	- Net-zero emissions by 2030 (through GHG emissions removal certificates) - Aiming for 100% purchased green electricity for all companies and sites included in quantitative reporting, by 2025	- Reducing operational emissions and improving efficiency	- Social impact projects combating climate change and its consequences
Initiatives and partnerships	- Global partnerships for collaborations and innovation processes towards low-carbon solutions - Providing our expertise as a public voice to advocate for climate action and resilience		

3.3 Climate-related disclosure

Our decarbonisation targets

Our decarbonisation approach is a key part of our overall climate strategy and revolves around three core domains: assets, liabilities, and our own operations. Within our Ambition 2025 framework, we have established a series of targets to guide our decarbonisation journey until 2050, with significant milestones set for 2025.

For more details on our methodology and milestones for these targets in coming years, please refer to the ↘ Targets and metrics section.

Comprehensive climate risk management

Munich Re manages climate-related risks for both assets and the (re)insurance business. In the following section, we define the relevant climate change time horizons and specify the risk drivers material to our business model. A description of how we identify, analyse and manage climate risks is provided in the ↘ Risk management section.

Business opportunities arising from climate change are reflected in our climate solutions product offering. In addition to the brief overview in this section, our climate-related and low-carbon solutions are presented in more detail in the ↘ Climate solutions section.

Climate change time horizons

Munich Re applies different time horizons for the assessment of risks and opportunities relating to climate change:

- Short-term: up to 2 years
- Medium-term: 3-10 years
- Long-term: more than 10 years

Regarding our (re)insurance portfolio, understanding changing risk levels in the short and medium term is crucial for current insurance business practices. Long-term climate change considerations are essential for informed strategic decision-making.

The assessment of impacts on Munich Re's exposure over medium- and long-term time horizons is inherently subject to a high degree of uncertainty. This is because climate change pathways and their interaction with new or changed risks stemming from legal, socio-political, scientific, ecological, economic or technological changes (so-called "emerging risks") are uncertain, as are the resulting impacts on known risk drivers.

These include insurance-related risks

- where claims in an insurance period exceed the premiums received for this period (premium risk); or
- where loss reserves set aside for claims that have already occurred will not be sufficient to finance the resulting claims payments in the future (reserve risk);

and investment-related risks such as market and credit risks.

In the ↘ Risk management chapter, we explain how Munich Re responds to these uncertainties.

Climate change risk drivers

In terms of the ecological dimension of sustainability, climate change represents one of the central sustainability risks. The various types of climate-related risks that could potentially affect our Company and business are monitored and evaluated by specialised departments and integrated into Munich Re's risk management system.

In line with TCFD recommendations, we differentiate between the physical and transition risks associated with climate change, while acknowledging their interconnected nature. Both types of risks have medium-term and long-term effects, but can also have disruptive, short-term consequences. In addition to the climate-related risk drivers described below, please refer to our Risk Report as part of our Annual Report for descriptions of general financial risk drivers.

Physical risks – acute and chronic

Physical risks arise from the increasing frequency and severity of extreme weather events (hurricanes, wildfires, severe convective storms, floods, etc.), which are acute, and chronic changes such as sea level rise due to climate change. From a (re)insurance perspective this becomes particularly relevant in regions with substantial insurance exposure.

Changes in climate-related hazard incidence are driven by both anthropogenic climate change and natural climate variability. Examples include a higher proportion of high-intensity tropical cyclones, more frequent and intense heavy precipitation events, and flash flood events, as well as stronger storm surges due to sea level rise.

This trend is also reflected in our annual natural disaster figures. 2023 joins the recent run of years with high losses. Overall losses (approximately US$ 250bn) and insured losses (around US$ 95bn) were close to the average over the last five years and above the ten-year average. The figures for 2023 were dominated by a large number of severe regional storms that, according to scientific research, are becoming more severe due to climate change in some regions.

Besides these hazard-related drivers, future physical risk is strongly affected by changes in exposure and vulnerability, with the latter playing a key role in mitigating climate risk and increasing climate resilience, for instance through improvements to building codes.

Physical risk also affects life and health insurance business if individuals and society as a whole are unable or fail to implement appropriate risk mitigation measures, such as measures to cope with heatwaves or pandemics. The same is true for our investment portfolio, as the valuation of certain debt or equity investments will be affected if companies or sovereigns are unable or fail to implement appropriate risk mitigation measures.

Transition risks

Transition risks arise in particular from political and economic measures to shift to a low-carbon economy, or from reactions to changing living conditions in certain regions. This includes market and technology risks, policy and legal risks, including litigation risk.

Market and technology risks:

The transition to a carbon-neutral economy influences developments in technology, systems, and associated markets. In some sectors, these developments may gradually or even disruptively change the characteristics of insured assets, businesses and processes. It is expected that this will influence the demand for insurance solutions, resulting in both risks and opportunities.

Policy and legal risks including litigation risks:

We consider the risk of potential insured liabilities in the context of climate change. This relates to the impacts that could arise if third parties who have suffered damage because of climate change seek compensation for their losses.

We distinguish between two main types of climate change liability claims:

- direct climate change liability claims which target GHG-intensive industries for alleged damage caused by their GHG emissions as such; and
- indirect climate change liability claims, where companies are sued for allegedly breaching their duties in the context of climate change, for example for taking insufficient action to reduce their GHG emissions, for “greenwashing”, or failure to disclose. Indirect climate change liability could affect clients from all industries, regardless of their GHG emissions.

Some of these claims, which may only arise years or even decades in the future, have the potential to considerably impact carbon extractors and emitters and, if they have purchased liability insurance, their insurers as well.

Transition risk also affects the valuation of investments, although it is inherently difficult to assess its specific contribution to the established market risk drivers, such as equity risk, spread risk or foreign exchange rate risk.

Reputational risks

Our reputation is affected by our behaviour in various areas, such as customer relations, product quality, corporate governance, financial performance, treatment of employees, and corporate responsibility. Reputational risks, which may also be influenced by climate change risks, intertwine with all other risk categories. For example, risks arising from a possible deterioration in Munich Re's reputation as a result of negative public perception, a deterioration in the Company's rating or enterprise value. The assessment of individual business transactions in events involving reputational risks is conducted by Reputational Risk Committees at the level of the business segments (at ERGO: the Reputation and Integrity Committee). If a reputational risk has a potential impact on Munich Re, other central divisions are involved in the assessment.

Strategic opportunities

While climate change poses significant risks to the economy and society as a whole, we consider the increasing global demand for climate resilience, as well as the shift towards a low-carbon economy, as an opportunity for Munich Re. Our extensive portfolio of weather-/climate-related risk analysis and risk transfer solutions and our ESG-focused investments have the potential to accompany the sustainable transition.

Climate insurance solutions

From our clients' perspective, climate change implies two main challenges – climate change mitigation and climate risk management and adaptation. In the area of mitigation, Munich Re aims to enable the shift to a carbon-neutral economy and to reduce global GHG emissions. We support the upscaling of innovative low-carbon technologies and craft special insurance solutions to cover the associated risks. We focus on the generation, transportation and storage of power, e.g. photovoltaics and wind power, energy storage systems, biomass power plants, hydroelectric power, and solar thermal power.

As of 31 December 2023, our Green Tech Solutions unit alone insured renewable energy in some 1,400 projects and manufacturers from around 90 countries, for a total nominal output of approximately 75 gigawatts.

1,400

insured renewable energy projects and manufacturers by Green Tech Solutions

Furthermore, we promote global social and economic adaptation to unavoidable impacts of climate change. We support clients in building resilience and minimising losses from natural catastrophes and extreme weather events. For example, we provide insurance, reinsurance and parametric cover and pool solutions (e.g. with public-private partnerships) to cover the costs of natural catastrophes. We also offer tools to measure physical climate risks and their financial impact.

Please refer to the ↘ Sustainability in insurance section to find more information on our portfolio of climate-related solutions.

ESG-focused investments

Munich Re uses economically sound investment opportunities to contribute positively for society and the environment. Through our investments, we also aim to promote the use of technologies that avoid GHG emissions. MEAG, on behalf of Munich Re, invests in assets of this kind around the world.

Currently, these include renewable energy investments, certified real estate investments, forests with certified management, and green bonds, all of which are linked to environmental aspects. The transition to a carbon-neutral world could therefore also have positive effects on Munich Re's asset portfolio, given the current significant allocation to renewable energy (€3.1bn) and forestry (€1.9bn).

For detailed information on our ESG-focused investments, please refer to the ↘ Responsible investment chapter.

Initiatives and partnerships

Our partnerships underpin our climate-related strategy and are the result of our climate change and underwriting expertise and knowledge, based on more than 50 years of opinion leadership in climate risk. The partnerships we join reflect our commitment to contributing to a solution to some of the most significant issues we have identified in the context of climate change. These are

- the quantification of the changing hazard conditions due to climate change both up until now as well as in the future;
- the insurance gap between overall economic losses and insured losses; we specifically focus on innovative solutions for developing and emerging countries and related partnerships (e.g. multilateral development banks, UN organisations, the Insurance Development Forum, the Sustainable Markets Initiative);
- the technological transformation and the design of favourable risk transfer solutions that are required to accelerate the shift towards a low-carbon economy.

Prominent initiative membership examples include UNEP FI PSI and PRI, NZAOA, Climate Action 100+, the Geneva Association, the German Insurance Association (GDV), the Chief Risk Officers Forum, MCII, and others.

Risk management

For many years, Munich Re has recognised climate change risks as being relevant for the insurance industry. In order to identify and detect the impact of climate change on our business at an early stage, we have long interwoven risk management with climate science, not only by employing highly qualified climate experts for risk assessment and modelling purposes, but also by participating in science initiatives, initiating and conducting collaborative projects with scientific facilities, and publishing research projects in peer-reviewed journals.

Most of Munich Re's (re)insurance business is renewed on an annual basis and our investments tend to be tradable in liquid financial markets. This means that our risk management can adapt quickly to the latest scientific results, risk assessment updates and a changing regulatory environment.

Our definition of material risks

Our general definition of risk is possible future developments or events that could result in a negative prognosis or a negative deviation from the Group's targets. We consider three criteria when evaluating the materiality of risks. First, the extent to which a risk could influence stakeholder assessments of Munich Re. Second, the ways in which a risk could impact the solvency of Munich Re. And third, the extent to which a risk could exhaust accumulation limits or budgets. The identification and assessment of material risks for our Group is carried out by the relevant risk management function.

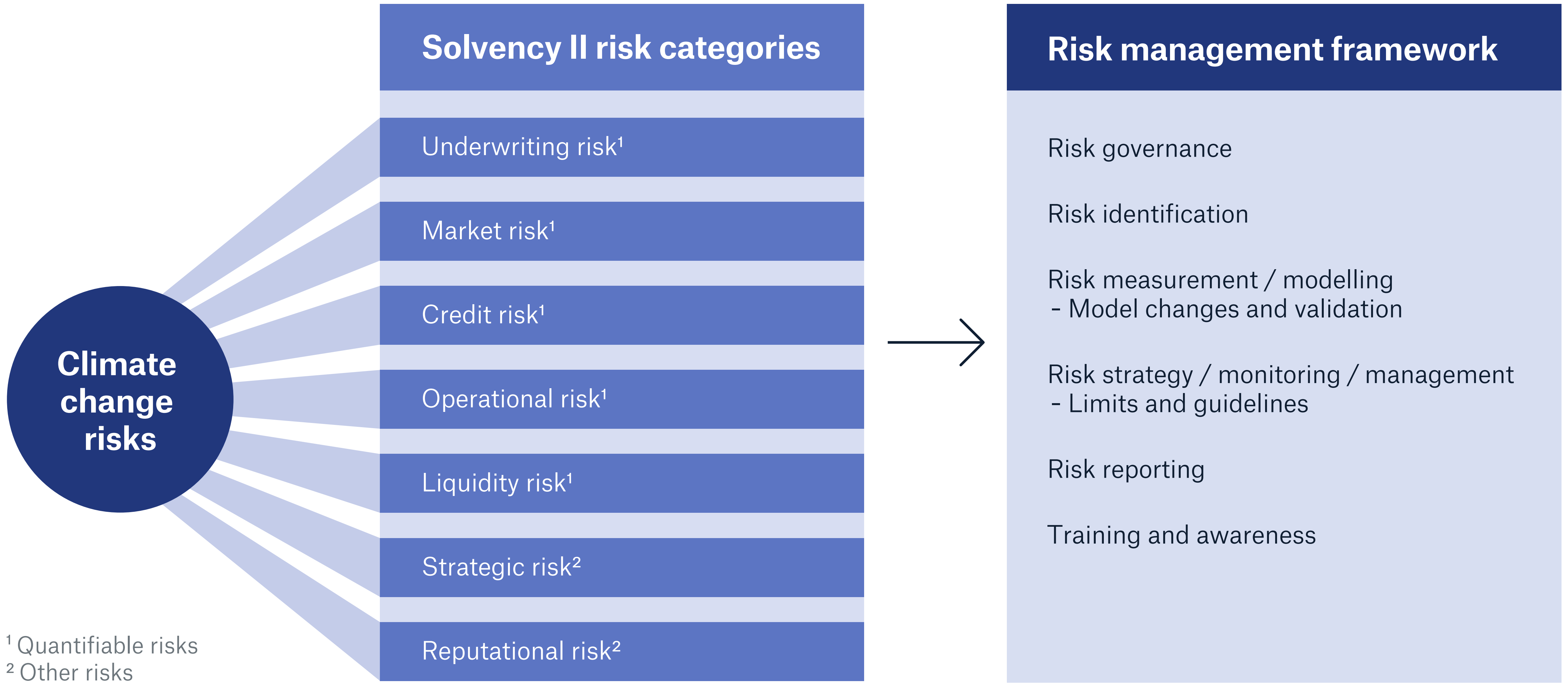
The assessment of risks is based on an analysis in line with regulatory standards (e.g. Solvency II). We distinguish between risks that are considered in our internal risk model and backed by risk capital, and other risks that are not quantified in the internal model. The risks included in the internal model are divided into the following risk categories: underwriting risk in property-casualty business, underwriting risk in life and health business, market risk, credit risk, and operational risk.

Sustainability risks, including climate change risks, can affect all these risk categories and are therefore an integral part of managing these risks.

In addition, there are types of risk that are not explicitly capitalised in our internal risk model. This is common practice throughout the industry and in line with regulatory requirements. These include reputational risk and strategic risk (see the definitions in the Risk report section of our Annual Report). When dealing with these risks, qualitative risk management is of great importance.

Our climate change-related risk management is closely aligned with the approaches and measures described in the ↘ Strategy section. Munich Re adopts a strategic approach to climate change risks, which potentially affects the value drivers within the global risk and asset landscape covered by the Group.

Climate change risks can affect all risk categories and are integrated into our risk management framework



[1] Quantifiable risks
[2] Other risks

Risk management governance

We have an established governance system that complies with Solvency II requirements. Key components are the risk management, compliance, audit, and actuarial functions.

By clearly assigning roles and responsibilities for all material risks, our risk governance provides an appropriate risk and control culture. Risk management at Group level is carried out by the Integrated Risk Management (IRM) division and is headed by the Group Chief Risk Officer (Group CRO). In addition to the Group functions, there are other risk management units in the different fields of business. Various committees at Group and field of business level support our risk governance.

In this Company-wide risk management process, we draw on the expertise of our scientists, specialist underwriters, lawyers, economists, risk managers and actuaries. A statement from the risk management function is required for significant decisions by the Board level committees, for example submissions to the Group Risk Committee (GRC) which ask for an increase in risk budgets or limits as defined in our risk strategy.

Further details on Munich Re's risk governance and risk management system can be found in the Risk report section of the Annual Report.

Climate change-related risks are identified, monitored, evaluated, and integrated into Munich Re's risk management system. Within our system of governance, we conduct scenario analyses for physical and transition risks up to the year 2050, as explained in the following section.

Risk management scenarios

In our analysis of specific scenarios based on Representative Concentration Pathways (RCP) and Shared Socioeconomic Pathways (SSP), such as those used by the Network for Greening the Financial System (NGFS), we use, for example:

- an (orderly) net zero 2050 scenario – the Paris temperature target is reached by way of a smooth transition between today and 2050 (67% chance of limiting global warming to 1.5°C by the end of the century);
- a (disorderly) delayed transition scenario – necessary action is postponed for a while and then the Paris temperature target is reached by a sudden implementation of very strict measures;
- a "hothouse world" scenario – the global community does not agree on effective measures, reflected by a high temperature scenario, where emissions continue to rise throughout the 21st century.

The "disorderly" transition is assumed to carry the largest transition risk, while the "hothouse world" is most relevant for physical risk assessment. Nevertheless, there is a fair probability of transition risk and physical risk materialising at the same time. The main results of the scenario analyses and our strategic response to the potential impact of climate risks are outlined in the sections below.

Identifying, assessing, and responding to physical climate risks

Munich Re considers physical climate risks on all relevant time horizons (short-, medium-, and long-term), in our risk modelling and pricing, based on current climate science. More specifically, the impact of changing climate conditions on natural catastrophe risk is accounted for in risk assessment based on:

- identifying, monitoring and assessing changes in meteorological/hydrological/climatological drivers of loss events over time. Changes in hazard conditions so far are reflected in our nat cat models;
- identifying, monitoring and assessing of simultaneous changes in peril-specific natural catastrophe losses over time, normalised to current levels of destructible wealth. The normalisation procedure removes the signal of economic growth over time, which per se would cause losses to increase even in the absence of any climate impact.

3.3 Climate-related disclosure

Detected changes to weather hazards or natural weather variability patterns, which result in changes on the loss distribution side over time, are considered in our risk modelling and risk management as well as in our pricing processes. The analysis of region- and peril-specific changes in hazard levels due to climate change, and their explicit consideration in Munich Re's nat cat models, can be viewed as a context-specific plan to adjust our core business to the unfolding effects of climate change.

Within the internal risk model, we account for changing climate conditions mainly via model assumptions that are set around the frequencies/severities of weather-related hazards. As part of the regular validation process, we examine the sensitivity of major and accumulation losses to changes in the return period or loss amount, or to a change in the business volumes written. Additionally, we consider the impact of changes in the correlation between different regions or perils on the results of the risk model.

In particular, we

- reflect the changing hazard status in the risk models for each region;
- apply strict accumulation controls according to defined limits for specific scenarios;
- diversify peak risk from natural catastrophes globally;
- retain a balance between losses, administrative costs, risk-based capital costs on the one hand and premiums earned on the other hand, allowing for profitability;
- incorporate climate change-related risks in underwriting policies; and
- invest in tools and models, data and science (e.g. collaboration with the European Severe Storms Laboratory; Munich Re's own NatCatSERVICE, the Location Risk Intelligence Platform, Climate Scores).

To assess the long-term impacts of climate change on assets and liabilities we perform scenario analyses. While uncertain by their nature, long-term projections of changing physical risk levels related to natural catastrophes are relevant in strategic terms. The return periods of the most relevant climate-related hazards for Munich Re were stressed in Munich Re's internal model to give an indication of materiality and magnitudes of risk. The frequency scaling was based on scientific consensus of hazard changes for a prudent "business-as-usual scenario" by 2050. Thanks to sound risk management measures, the impact on Munich Re's nat cat underwriting risk is limited. Nevertheless, interdependencies between different risks (region and peril) might change. This could be due to gradual shifts in the region, timing or magnitude of these perils, if they share common underlying drivers, and if these drivers are affected by climate change. For example, hurricane activity in the Atlantic and typhoon activity in the Northwest Pacific are rather independent perils. Yet there is scientific debate about whether rising sea surface temperatures in both basins due to climate change (which fuel the intensity of tropical cyclones) may, in the long run, induce correlation between both basins. We are monitoring the potential impact of such a change on the Group Solvency Capital Requirement (SCR) and its implication for specific (re)insurance products.

In property-casualty insurance, we limit our risk exposure to climate-related risks by, for example, limiting natural catastrophe risks in our coverages. Another measure to mitigate underwriting risks is to selectively cede a portion of our risk to other risk carriers through reinsurance or retrocession. Beyond our Group retrocessions, for most of our companies additional intragroup and external reinsurances or retrocessions are in place. In addition to traditional retrocession, we use alternative risk transfer, especially for natural catastrophe risks. For this purpose, capital markets are utilised as an additional opportunity to spread risk.

In the long term, a material strategic risk may emerge. For example, the risk-adequate price for insurance products could exceed the amounts customers are willing and able to pay, making it unaffordable for customers or unworkable for insurers to insure certain risks (reaching the financial boundaries of insurability). Munich Re mitigates this risk by generally ensuring a high degree of risk diversification.

In the life and health reinsurance segment, we have analysed the potential impacts of climate change on mortality and health. Climate change scenarios relate to much longer periods than our usual scenarios for potential trend risks. Reliable quantitative information is difficult to obtain and depends heavily on different potential climate change pathways. Our analysis is based on standard scenarios published by the Intergovernmental Panel on Climate Change (IPCC).

The effects of climate change on mortality and health depend on the climate outlook as well as on the demographic and geographic composition of the population. Older people and socio-economically disadvantaged groups are at greatest risk. It is difficult to identify deaths in which climate was a contributing factor and it is possible that reported figures are too low. On the other hand, the insured population may be less severely impacted by the effects of climate change than the overall population.

Our analysis revealed that the greatest potential physical risks for life and health insurance are extreme heat events and the unabated increase in average temperatures, which may ultimately lead to more frequent epidemics/pandemics. Although all the quantitative information on this topic is subject to significant uncertainty, we expect climate change to have no material impact on our (re)insured life and health exposure, particularly not in the short to medium term.

With reference to our investments, we analyse risk exposure across different asset classes. We continuously increase the analysis functions available and integrate findings into the investment process.

We see a relevant risk in illiquid investments with long maturities. Therefore, the due diligence process for alternative investments includes analysing potential location-specific threats due to climate change. In addition, we continuously monitor and limit liquidity and concentration risks affecting our investments. For example, we have reduced standard Group limits for sovereigns that are particularly exposed to climate change risks. Due to the highly diversified nature of our investments, we consider the impact of physical risk on our investments not to be a material risk overall, especially in relation to "normal" market risk, which already affects the valuation of all financial assets.

Identifying, assessing and responding to transition risks

To identify and analyse transition risk in underwriting, we have developed a five-step analysis based on the TCFD recommendations:

1. Scenario identification
2. Risk heat maps
3. Impact tree/risk cluster
4. Deep-dive critical risk cluster
5. Metrics

We have developed different heat maps for general transition risks (market, technology) and litigation risks. On that basis, impact trees and risk clusters have been identified, which consider how many consecutive underwriting years might be negatively impacted. Depending on the results from the heat maps, a deep-dive assessment has been conducted of the underlying insurance risk clusters that were identified as critical.

For the assessment of litigation risk, we specifically considered cause of litigation, industry sectors and geographical areas or jurisdictions. There is a clear trend of increased frequency in climate change-related litigation globally. For several reasons, the success rate of cases brought to court is currently very low for both litigation categories (direct and indirect). Nevertheless, there could be substantial defence costs for direct liability, where the duty to defend is assumed. In addition to the risk of increased frequency of individual large losses, accumulation scenarios are possible. We assess this risk as material. In view of the potentially systemic accumulation risk related to a hypothetical liability for any damage caused by greenhouse gas emissions, Munich Re considers the use of climate change litigation exclusions for specific high GHG-emitting businesses. Furthermore, to mitigate litigation risk, we have issued or updated a range of topic papers and best practices that provide underwriters with standard clauses and keep them informed of developments in case law.

Corresponding training is also offered. Furthermore, the new product process criteria have been expanded to include ESG aspects such as greenwashing risk.

Overall, any such negative impacts are softened by our ability to adjust models and risk positions regularly and, if necessary, at short notice. Therefore, we continue to actively identify, monitor and assess any new developments, increase underwriters' risk awareness, and mitigate such risks where it appears sensible to do so.

On the investment side, we use different metrics to assess, monitor, and mitigate transition risks. These activities are strongly linked to our climate strategy and reduction targets. Key metrics include emission data, relative carbon footprint (t CO_2e/€m invested), carbon intensity, exposure to climate relevant sectors as well as transition risk ratings for our equity and corporate bond investments. We also consider climate risk in our sovereign bond portfolio and, accordingly, manage concentration and liquidity risks. We therefore consider the impact of transition risk on our investments not to be a material risk overall.

Targets and metrics

Decarbonisation targets and metrics

Our Ambition 2025 strategy includes specific milestone targets up until 2050, with 2025 marking a crucial first milestone (see graphic ↘ Munich Re Group Ambition 2025 and beyond). In 2023, we already managed to overachieve our 2025 emission reduction targets related to assets, liabilities and own operations.

Regarding decarbonisation targets, our Climate Ambition 2025 creates a holistic framework encompassing emissions associated with our assets, liabilities and own operations. The IPCC's Special Report on Global Warming of 1.5°C and the Sixth IPCC Assessment Report were considered as a central source of scenarios and emission pathways for our climate strategy and measures.

Munich Re Group Ambition 2025 and beyond

Today	2025	Long-term	As per financial year 2023
Assets | Financed GHG emissions[1]	**Target**	**Target**	**Achievement**
No direct investment in listed companies with >15% revenue thermal coal[2] >10% revenue oil sands	Thermal coal[7] –35% emissions	Thermal coal Full exit by 2040	Thermal coal –54% emissions
Oil and gas companies[3] - No new direct investment in pure-play oil and gas[4] - Net-zero commitment from integrated oil and gas companies required as of 2025[5]	Oil and gas[7] –25% emissions		Oil and gas –55% emissions
No direct illiquid investments in new oil and gas fields, midstream oil infrastructure and oil-fired power plants[6]	**Total**[7] –25% to –29% emissions	**Total** Net zero by 2050	**Total** –47% emissions
Liabilities | Insurance-related GHG emissions[8]	**Target**	**Target**	**Achievement**
Thermal coal No insurance for new coal mining, power plants, related infrastructure[9]	Thermal coal –35% emissions[12]	Thermal coal Full exit by 2040 (incl. treaty business)	Coal-fired power plants -41% emissions Thermal coal mining -41% emissions
Oil and gas – exploration and production No insurance for new and existing oil sand sites and related infrastructure[10], Arctic exposure and infrastructure[11]	Oil and gas –5% emissions[13]		Oil and gas -80% emissions
No insurance for new oil and gas fields, midstream oil infrastructure and oil-fired power plants[6]		**Total** Net zero by 2050	
Own Operations | GHG emissions from business operations[14]	**Target**	**Target**	**Achievement**
Group headquarters in Munich: GHG net zero (via GHG emission removal certificates)	Per employee -12% emissions		Per employee -34% emissions
All other Group's recognised GHG emissions from business activities: GHG-neutral (through GHG emission reduction certificates)		**Total** Net zero by 2030	

All greenhouse gas (GHG) emissions are measured in CO_2-equivalent (CO_2e). Base year 2019 for all target and achievement numbers. Exceptions to policies can only be granted by a committee at Board level.

[1] Scope 1 and 2.
[2] Exceptions are possible in individual cases for companies with revenues in thermal coal between 15% and 30% on the basis of an active engagement dialogue.
[3] Direct investments in equities or corporate bonds from listed oil and gas companies.
[4] Publicly traded companies listed under the Global Industry Classification Standard (GICS) Oil & Gas sub-industries with the exception of Integrated Oil & Gas.
[5] For companies with the highest relative and absolute emissions.
[6] Applies to contracts/projects exclusively covering the planning, financing, construction or operation which have not yet been under production (oil & gas fields) or construction or operation (infrastructure and plants) as at 31 December 2022.
[7] Listed equities, corporate bonds and - for total - direct real estate.
[8] Applies to primary insurance, direct and facultative (re)insurance business.
[9] For single-location stand-alone risks.
[10] For single-location stand-alone risks; for mixed coverage above a certain threshold.
[11] For exclusive coverages also incl. treaty business; for mixed coverages above a certain threshold.
[12] Metric tonnes of thermal coal produced annually by insureds/installed operational capacity (in MW) of insured coal-fired power plants of insureds (used as an equivalent for approximate development of the GHG emissions of our insureds' business).
[13] Operational property business, scope 1-3 life-cycle emissions.
[14] Scope 1, 2 and 3 (business travel, paper, water, waste).

Assets

Please refer to the ↘ Decarbonisation approach for investments section in the Responsible investment chapter for detailed information on targets relating to decarbonisation and the respective achievements.

In addition, comprehensive metrics on the GHG emissions of our investments are also regularly published in our Combined non-financial statement as well as in our CDP disclosure.

Liabilities

We have committed to transitioning our underwriting portfolio to net-zero GHG emissions by 2050. Our climate ambition 2025 is an important milestone on the way to achieving this commitment. In 2020, as part of our Munich Re Group Ambition 2025, we set ourselves GHG emission reduction targets for insurance of thermal coal, and oil and gas production in our primary insurance, facultative and direct (re)insurance business. This also encompasses treaty-like business in the form of facultative facilities if it includes the option to decline individual risks.

Regarding (re)insurance of thermal coal activities in primary insurance as well as in facultative and direct (re)insurance, we have set long-term and mid-term targets. We aim to reduce the corresponding GHG emissions of insured activities of our policyholders related to thermal coal extraction (mining) and production (mining) and coal-fired power plants by 35% by 2025 compared to the base year 2019. The key figures we use as an approximation for the development of GHG emissions are explained in connection with the key figures reporting.

In terms of its (re)insurance business, including treaty business, Munich Re has also committed to completely phase out thermal coal insurance by 2040.

Regarding our operational property insurance business in oil and gas production, we have also set ourselves quantitative decarbonisation targets for primary insurance and direct and facultative (re)insurance business. In addition to our long-term objective of net zero by 2050, we have also committed to short-term emission reductions, to lower our self-calculated GHG emissions associated with our business by 5% by 2025 relative to the base year of 2019. For the calculation of the development of GHG emissions, please refer to the ↘ Key figures reporting.

In the context of our decarbonisation targets, we remain committed to reaching the defined milestones by implementing dedicated action plans in the business units concerned, and by regularly monitoring progress. Reductions in GHG emissions can be achieved through activities undertaken by our clients first-hand, as well as through our own portfolio management measures (including discontinuation of business). To support the necessary transition as best we can, we initiate dialogue with our clients.

Also with regard to our treaty reinsurance business, we remain actively engaged in dialogue with our clients to obtain transparency about the extent of the insured activities in the thermal coal as well as oil and gas (fossil fuel) segments, and to gain better insights into the insurers' own potential decarbonisation strategies.

Furthermore, we apply underwriting restrictions and exclusions for fossil fuels, which we describe in the chapter ↘ Underwriting restrictions and enhanced due diligence. These include restrictions on thermal coal activities in connection with new thermal coal mines/power plants/infrastructure, oil and gas activities in connection with new oil and gas fields or new "midstream" oil infrastructure, and oil-fired power plants, oil sands, and Arctic oil and gas activities.

We measure the achievement of our climate targets in primary insurance and facultative and direct (re)insurance in the Munich Re Group Ambition 2025, which does not include treaty reinsurance business, based on the metrics outlined below.

In the thermal coal sector, the quantitative emission reduction targets are derived from the following key metrics as the basis for evaluating the development of GHG emissions associated with the insured business of our clients: annual tonnes of thermal coal produced from mines and installed operational capacity in megawatts of our clients' thermal coal power plants.

The base year is 2019 for all active risks as of 31 December 2019. Given that the reduction targets are applicable across all non-life lines of insurance, and that our goal is to completely discontinue insuring these business activities by 2040, our clients' GHG emissions associated with our insured business are – as described above – fully taken into account regardless of the specific type and amount of our (re)insurance coverage. As a result, the metrics for the base year and the reporting year, which are calculated to measure the reduction as at the given reporting date, are always based on 100 percent figures at client level across the relevant insurance lines. The figures thus refer to the customer's thermal coal production or power plant capacities, while avoiding double counting at the client level across the various relevant insurance coverages.

Development of approximated GHG emissions at client level in primary insurance and facultative and direct (re)insurance business, relative to the 2019 base year (Munich Re Group Ambition 2025)[1]

%	31.12.2023	Prev. year
Thermal coal mining[2]	-40.8	-37.3
Coal-fired power plants[3]	-40.6	-28.6

[1] The figures do not include treaty reinsurance business.

[2] The development of the metric tonnes of insured thermal coal produced each year by insureds is used as an equivalent for an approximate development of the GHG emissions. These are based on the reported actual data of the insured.

[3] The development of the installed operational capacity (in megawatts) of the insured coal-fired power plants of our insureds is used an an equivalent for an approximate development of GHG emissions. These are based on the latest available data from an external data provider.

As in the previous year, the reductions are mainly due to active portfolio management measures, including discontinuation of business. External changes on our clients' side, including possible transformational effects, have so far had a lesser impact on the overall development.

In the area of (conventional and unconventional) oil and gas production, the quantitative emissions-reduction target refers directly to our self-calculated GHG emissions of the insured oil and gas production of our clients that are associated with our property insurance business. We calculate the figure by first determining our clients' scope 1–3[1] life-cycle GHG emissions associated with the produced amounts of oil and gas. For these calculations, we use the expertise of our subsidiary HSB Solomon Associates LLC, who themselves use the integrated open-source tool The Oil Climate Index + Gas. We associate these emissions with our (re)insurance policies in the amount that the (re)insurance capacity provided by Munich Re contributes to the total insurance ceiling (client's deductible + total insurance capacity) known to us. The base year is 2019 for all active risks as at 31 December 2019.

[1]Scope 3 GHG emissions: other indirect emissions from activities in the value chain.

Development of self-calculated scope 1, 2 and 3 life-cycle GHG emissions (CO_2e) associated with our operational property business in primary insurance and facultative and direct (re)insurance, relative to the 2019 base year (Munich Re Group Ambition 2025)[1,2]

%	31.12.2023	Prev. year
Oil and gas production	-79.8	-40.2

[1] The figures do not include treaty reinsurance business.

[2] The oil and gas production volumes used in the calculation are based on the latest data from an external data provider.

The strong reduction is mainly due to portfolio measures. Besides the application of underwriting restrictions, especially regarding sanctions, oil sand sites or Arctic exposures, the discontinuation of business driven by the strategic decision of the Munich Re Syndicate significantly contributed to the development.

Own operations

Our goal is to reduce the impact of our own GHG emissions on the environment and climate with corresponding decarbonisation targets. As part of our climate ambition, we aim to reduce our emissions by 12% per employee by 2025 compared to 2019, and ultimately become net zero in terms of GHG emissions from our own operations by 2030. We endeavour to offset the remaining, unavoided GHG emissions by purchasing certificates from projects that aim to reduce GHG emissions ("GHG-neutral") or respectively remove GHGs from the atmosphere ("GHG net zero").

For detailed information on our environmental management activities and our GHG emissions (scope 1, 2 and 3), please refer to the ↘ Environmental management section and ↘ Key figures section.

Climate risk management metrics

Relevant risk drivers, as well as their likelihood and potential impact on Munich Re, as described in the ↘ Strategy and in the ↘ Risk management sections above, are summarised in the table below, along with our key response measures.

Assessment of natural disaster risks in (re)insurance business is part of our permanent risk assessment (see the ↘ Risk management section). A key figure in this respect is the loss to our insurance portfolio from climate-related natural catastrophes for a 200-year return period, which we calculate based on natural catastrophe modelling in our internal risk model. In the table, we illustrate the value at risk of the economic profit and loss distribution over a one-year time horizon with a confidence level of 99.5%. The net perspective after external retrocession is shown for Munich Re's largest climate-related natural catastrophe exposures.

The actual loss from natural catastrophes in the 2023 full year mostly comes from property business and amounts to €2,335m for the reinsurance business after external retrocession. This corresponds to 9.0% of net insurance revenue and takes into account major losses exceeding €30m. The figure is only comparable to a limited extent with the same period last year, as the major-loss threshold was raised to €30m with effect from 1 January 2023 (previous years: €10m).

3.3 Climate-related disclosure

Physical acute and chronic

Risk issue	Time frame	Likelihood	Magnitude of impact	Potential impact	Response (strategic, financial, planning)
Tropical cyclone Example: Atlanic Hurricane	Long term	Likely	High	Current insurance claims liability, e.g. €8.5bn VaR for Atlantic Hurricane North America (200-yr return period).	- Munich Re has a vigilant risk management system in place, capable of detecting and responding to changes in hazard and risk (see details in the section on risk management). - Annual renewal of most (re)insurance covers allows high flexibility in adapting risk management and (re)insurance cover conditions over time. - Munich Re's adaptation and mitigation measures (see risk management section) also contribute to the prevention of increasing physical risks.
Extra-tropical cyclone Example: Winter Storm Europe	Long term	More likely than not	High	Current insurance claims liability, e.g. €5.8bn VaR for Winter Storm Europe (200-yr return period).	
Flood Germany	Short term	Likely	Medium-high	Current insurance claims liability, e.g. €3bn VaR for Flood Germany (200-yr return period).	
Severe convective storms Example: Severe Thunderstorms USA	Short term	Likely	Medium	Current insurance claims liability, e.g. €1.25-2.25bn VaR for Severe Thunderstorms USA (200-yr return period).	
Wildfire Example: Wildfire USA	Short term	Very likely	Medium-high	Current insurance claims liability, e.g. €0.75-1.75bn (estimated range), VaR for Wildfire USA (200-yr return period).	
Rising sea levels and associated risks such as increased storm surge events	Long term	Virtually certain	High	Current insurance claims liability. No estimate due to high uncertainties to date.	
Physical risks for Munich Re premises	Short term	More likely than not	Low	Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets. No detailed analysis due to limited likelihood and low magnitude of impact.	- Business-driven risk management and business continuity plans on a Group-wide and local level apply at all locations of the Munich Re Group.

Climate solution targets and metrics

Please refer to ↘ ESG-focused investments and opportunities in the Responsible investment section for detailed information on our targets and metrics for climate-related solutions.

For our consideration of climate-related opportunities in our underwriting, especially regarding our climate solutions portfolio, please refer to the ↘ Aiming for positive impact through insurance solutions section.

As part of our Combined non-financial statement, we also report the share of our taxonomy-eligible and -aligned (re)insurance and investment activities in accordance with the EU Taxonomy Regulation for the financial year 2023. Please refer to our Combined non-financial statement included in the Annual Report for more information.

4.

Environmental management

4. Environmental management

> GRI 2-23; 3-3; 302-4; 305-5

Munich Re adopted a holistic approach as part of the Munich Re Group Ambition 2025, and also takes into account the direct climate-related impacts of greenhouse gas (GHG) emissions from its own operations, in addition to selected indirect effects from investments and (re)insurance products.
Our goal is to make a positive contribution towards meeting the requirements set out in the Paris Agreement.

Our Ambition 2025 sets reduction targets for our own GHG emissions from operational business processes. For the remaining, unavoided GHG emissions, we intend to transition from Munich Re's GHG neutrality to GHG net zero by 2030.

To achieve the Group's GHG net-zero target by 2030, we have currently implemented a multi-stage approach. Firstly, we aim to reduce our carbon emissions by 12% per employee in accordance with the Ambition 2025 target. Secondly, we are substituting fossil energy with renewable energy, aiming to have 100% green electricity purchased Group-wide by 2025 for all companies and sites included in quantitative reporting. And thirdly, we endeavour to offset the remaining, unavoided GHG emissions by purchasing certificates from projects that aim to reduce GHG emissions ("GHG-neutral") or remove GHGs from the atmosphere ("GHG net zero"). When selecting certificates, we place value on internationally recognised certification standards, such as the Gold Standard.

Governance

The ESG Committee at Board level decides on the Group-wide environmental and climate strategy, the targets and associated measures. These targets have also been integrated into the multi-year remuneration for the Board of Management. Implementation of the strategy and target-achievement measures takes place at Group level, in the respective divisional units, and locally.
The Group Environmental Manager's function is embedded in the Economics, Sustainability and Public Affairs (ESP) central division, which reports directly to the CEO. To ensure clear responsibilities for target achievement, consistent reporting and sharing of best practices within the Group, a hub structure for environmental management at Group, business field and local levels has been established for reinsurance, ERGO and MEAG.

4.1 Own emissions

Metrics and developments

We monitor the development of GHG emissions from our own operations as well as progress towards our reduction and decarbonisation targets. Our key metric is the change in GHG emissions in terms of our GHG footprint per employee. Please refer to the ↘ Key figures section of this report for more information.

With regard to own operations, we track our GHG emissions from direct and indirect energy consumption (scope 1 and 2), as well as from selected scope 3 emissions, such as paper and water consumption, waste generation and business travel. Any consumption data that was not available by the reporting date has been estimated. GHG emissions are calculated in consideration of internationally recognised methods and conversion factors, provided by for example the Greenhouse Gas Protocol or the International Energy Agency and then extrapolated to 100% of Group staff with employment contracts at fully consolidated companies as at 31 December 2023.

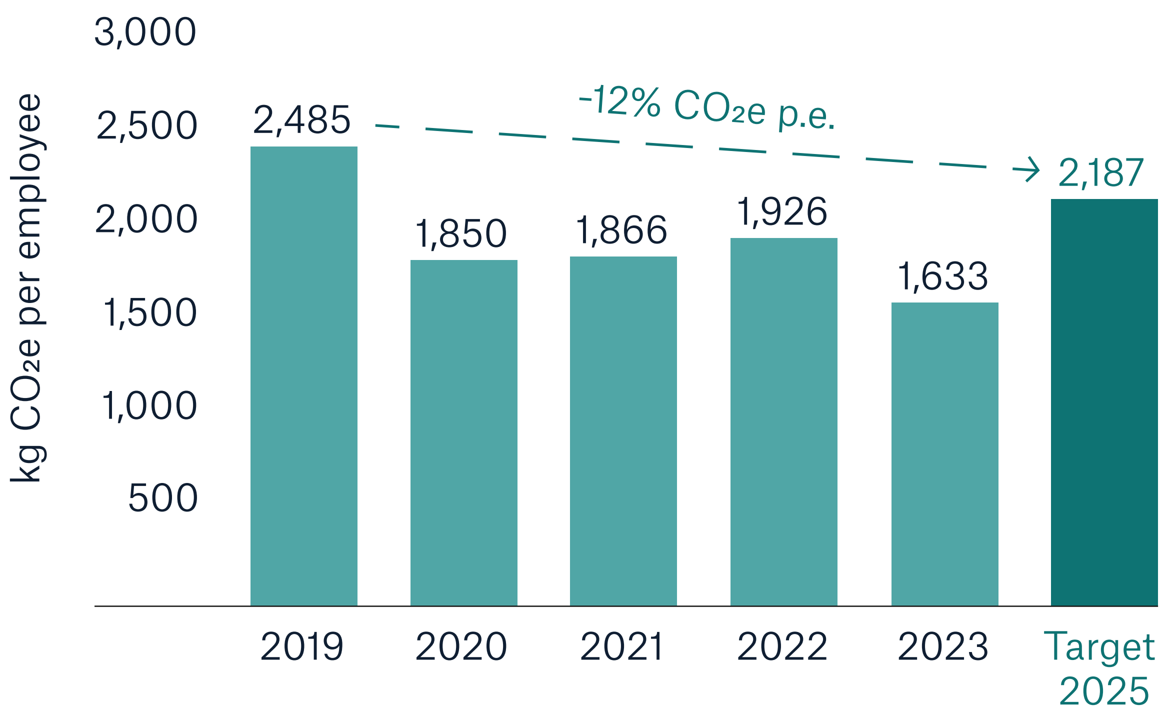
In 2023, we collected data for about 86% of staff. An external auditing company confirmed that we have met the required quality levels for environmental indicators throughout the Group since 2015. Since 2022, environmental data have been externally verified within the non-financial statement of the Annual Report.

4.1 Own emissions

So far, we have exceeded our reduction target of 12% per employee (2019–2025) and already achieved a reduction of 34% for GHG emissions in 2023 compared to 2019. Energy-saving measures in terms of natural gas, electricity and district heating reduced absolute energy consumption by about 20% compared to the previous year. A detailed list of the relevant ↘ Key figures can be found in the ↘ Annex.

For 2023, all of the Group's recognised GHG emissions from business activities were made GHG-neutral, and those at Group headquarters in Munich were brought to GHG net zero by purchasing certificates as described before.

Carbon reduction: Munich Re's own emissions[1]



[1] Scope 1 and 2, Scope 3 (business travel, paper, water and waste)

Measures

We focus on measures that provide good leverage in reducing our GHG emissions. Improving energy efficiency in the operation of our buildings and replacing fossil fuels with renewable energy are important action items for us.

34%
reduction in our own GHG emissions per employee since 2019

In 2023, 91% of the electricity purchased for all companies and their locations included in the quantitative reporting (86% of employees) was generated from renewable sources. Our goal is to purchase 100% green energy for those companies and sites by 2025. This target for green energy was made more specific in the reporting year to account for market practice. Energy consumption by those companies not included in reporting was extrapolated, and the resulting GHG emissions calculated and made climate-neutral.

When undertaking business travel, we also encourage the use of more environmentally friendly options, such as rail travel, hybrid and electric vehicles. As a result, we have a disproportionate increase in GHG emissions from business travel, including company cars, although we also recorded an increase in terms of kilometres travelled, i.e. the associated CO_2-emissions have not increased at the same pace as the travelled km. The ↘ Key figures related to business travel can be found in the ↘ Annex.

To support climate action, Munich Re is involved, among other projects, in national initiatives such as the Development and Climate Alliance in Germany. In 2023, roughly 52% of Munich Re staff were involved in an ISO 14001- or EMAS-certified environmental management system that systematically monitors and assesses the implementation of applicable environmental criteria in operations and product development.

5.

Employees

5.1 HR strategy and governance

> GRI 2-7; 3-3

Munich Re is a knowledge-based Group that operates in a dynamic, rapidly changing business environment. Our success therefore depends on having a diverse, highly qualified and innovative workforce with outstanding competence and leadership skills across the world. Our ability to innovate and our world-class expertise in all aspects of risk are the strengths our clients draw on. As leading providers of reinsurance, primary insurance and insurance-related risk solutions, we offer sophisticated, high-quality solutions for universal, complex and new risk scenarios. This is especially true when it comes to topics of future relevance to global society, such as climate change, cyber risks, the Internet of Things and artificial intelligence. All of this is made possible by our people, who are at the heart of our Company.

Given the global challenges and demands we face as a business, our core strategic goal in HR – as set out in our Ambition 2025 – is to be an employer of choice. In other words, to attract, develop and retain outstanding people, who are critical to our business success. In line with the slogan of Munich Re's Ambition 2025, "Highly committed talent, leading by skill and experience", Munich Re seeks to remain an employer of choice. There are four key elements to achieving this goal, one of which is **"skill-driven in technical excellence"** that is attained by best-in-class risk management know-how and leading technical excellence. Superior training in data analytics and new ways of tech-enabled working are built upon to further develop a **"driving digital culture"**, another key element. By pushing the boundaries of insurability and leading a partner network for innovation, **"risk entrepreneurship"** is thriving. These three key elements to realising the strategic goals in HR, are complemented by the further element **"socially engaged"**.

This goes hand in hand with our ongoing efforts to promote diversity, inclusion and equal opportunities. Diversity, equity and inclusion (DEI) is a core value at Munich Re and is embedded in our culture. Our understanding of DEI goes beyond aspects such as gender, religion, age, disability, nationality, cultural differences and sexual orientation: it also embraces variety in experience, education, personality types and opinions. The combined power of different ways of thinking, different experience, and expertise adds enormous value to our organisation every day.

Our HR governance model is aligned with the needs of our reinsurance, primary insurance, and asset management divisions. It is aligned centrally at the strategic level, but we apply unit-specific approaches where necessary to best support particular business models, markets and target groups. Strategic impulses are developed by HR functions with Group-wide responsibility in collaboration with the Group's strategy department. These strategic imperatives are then incorporated into the HR strategies of reinsurance, ERGO and MEAG through HR policies or interlinked projects.

Our employees, their wellbeing and their long-term commitment to us as an employer are some of our most valuable assets. In this context, we closely monitor the potential risk of loss of key personnel or critical technical skills, as well as any shortage of qualified labour. Measures around workforce planning and succession planning are in place to ensure the continued fulfilment of tasks and availability of expertise. At the same time, we aim to maintain our employer image, positioning ourselves in the job market with strong employer brands. With a comprehensive range of offers built around employee flexibility, health and wellbeing, we actively anticipate possible negative impacts due to violations of health and safety obligations as an employer. We have additional measures in place, including policies, work instructions and training, to avoid any forms of discrimination, harassment in the workplace, or potential human rights violations.

5.1 HR strategy and governance

Munich Re as an employer of choice

Our strategic goal of attracting, developing and retaining outstanding staff to enable future business success can only be achieved by being an "employer of choice". This objective is also anchored in our Munich Re Group Ambition 2025. It defines the strategic framework for our Group-wide human resources activities. We achieve our ambition to be an "employer of choice" by focusing on skills, embracing a digital culture, promoting risk entrepreneurship, and engaging with society.

High-quality development activities, collaboration platforms and knowledge transfer mechanisms ensure that our employees continuously expand our technical excellence, particularly in our core underwriting capability because our clients expect us to deliver best-in-class risk management expertise. Please refer to ↘ Staff development for more information.

Munich Re's Ambition 2025 is built on the strong foundation of our diverse and global workforce, which includes many different nationalities and locations. In particular, we are committed to increasing the number of women in leadership roles. Our target is to increase the percentage of women in management positions at all management levels globally to 40% by the end of 2025.

40%
women in management positions as global target to reach by end of 2025

We aim to further enhance our attractiveness to employees by offering secure jobs, transparent remuneration conditions, a comprehensive occupational health management framework with a wide range of healthcare options, extensive employee assistance programmes, and flexible working conditions and working time models. Promoting the wellbeing of our employees is a key part of our ambition to be an employer of choice.

Strategic steering using people analytics

At Munich Re, we use people analytics to transform HR data sets into actionable insights that improve our HR systems, processes and strategies in a way that contributes to sustainable business. Our Group-wide people analytics function has the goal of streamlining regional activities and taking analytics in HR to a global level.

5.1 HR strategy and governance

This provides the Board of Management and managers with an even higher level of transparency for data-driven decision-making. HR dashboards provide an overview of relevant HR metrics including data on DEI and the employment life cycle.

We continuously align learning content with the current and future needs of our employees. Our aim is to deploy skills where they will have the greatest impact for Munich Re and thus support competence development activities. Current and future training needs are identified in regular consultation with specialist departments, such as data analytics. Our internal training activities are tracked and evaluated from different viewpoints. Skill gaps in the workforce are identified and addressed.

Moreover, we focus on streamlined recruiting and hiring activities. We have an internal job market to actively encourage staff rotation and Group-wide career development, thereby strengthening the technical and intercultural skills of our employees. We also use various analytics tools to support our recruiting and hiring strategy.

Pilot projects around **strategic workforce planning** have been initiated in our reinsurance field of business. In addition, regional dashboards have been implemented to monitor recruiting and hiring processes, including DEI data such as the gender and nationality of applicants and new hires. Regional new-joiner surveys track the quality of the recruitment process and candidate satisfaction during the first six months to identify any changes in satisfaction rates and assess the onboarding experience. Talent acquisition teams also actively monitor developments in external talent markets and provide talent overviews and long lists of potential candidates, which are available on demand. To support organisational development decisions, market maps can highlight favourable locations where suitable talents are available. Large-scale sourcing strategies and projects support cross-regional recruitment initiatives.

ERGO in Germany has implemented a long-term approach to workforce planning. Reporting is updated monthly and includes a comparison of the current and the planned workforce. Additionally, managers have access to dashboards for key figures, including internal and external benchmarks for the respective business units. The rollout of strategic workforce planning in Germany continued in 2023. The aim is to create transparency on possible future deviations between expected headcount and personnel requirements, so as to be able to develop and implement mitigating measures at an early stage. In the future, strategic workforce planning activities will be carried out on an annual basis.

In its application portal, ERGO offers extended functions, such as pre-selection of job postings and the option to submit one-click applications via LinkedIn and Xing. In addition, ERGO's job descriptions include tasks, skills and competencies to target new employees. A dedicated Talent Acquisition and Employer Branding unit manages all related topics at ERGO in Germany. ERGO has also set up an internal job market, the #jobfair. Here, departments that are currently looking for employees present themselves and participating employees gain insights into other departments and offer food for thought about possible new perspectives. ERGO supports those who want to take on new challenges within the company and develop their careers with its new pool of interested parties called move@ergo.

Our asset manager MEAG also supports its management with a forward-looking view regarding its planned and actual workforce. It takes into account entries, temporary adjustments of working time and exits, and for management positions monitors a wide range of different Key Performance Indicators (KPIs), including staff turnover rate and reasons for leaving, the number of applications, and the staffing gender quota.

5.2 Development and talent management

> GRI 3-3; 401-1

Munich Re's Ambition 2025 sets clear goals for what we want to achieve over the coming years. Besides developing a skill-driven workforce with technical excellence, growing our talent and leadership culture in a digital environment is fundamental to the strategic areas described in our framework. Activities in this context are based on the philosophy of offering flexible formats that empower our people and ensure that they are firmly in the driver's seat in terms of their own development.

In all our business fields, strong talent development programmes systematically support employees in their careers and prepare them for future responsibilities. In reinsurance, for example, our modern approach to performance management, Continuous Conversations, supports and enables continuous employee and talent development as key to achieving the strategic business goals described in Munich Re's Ambition 2025.

Management development

Leadership values

In reinsurance, Global Leadership Values provide orientation on what it takes to be a successful leader. Besides ongoing development within the framework of Continuous Conversations, everyday work is crucially shaped by great leadership. A shared understanding of these values is essential to make the best possible decisions when recruiting, developing and promoting current and future leaders. Our Global Leadership Values support our leaders in making good judgements when leading people. The five core values of "we think big", "we care and we dare", "we are clear and authentic", "we grow with our clients" and "we lead the 'we'" will continue to provide guidance in demonstrating great leadership.

Excellent leadership is one of the most important contributions we can make to Munich Re's success. This is why all the leadership programmes and tools we use in reinsurance are based on our global values. Our approach sees leadership as more than just a disciplinary reporting line. We believe leaders should have a positive impact on the organisation and live and breathe our Global Leadership Values in all aspects of their work. Leadership goes beyond job title, responsibility for managing people and subject matter expertise. A leader is someone who, regardless of their role or position, people follow because they want to, not because they have to, someone who shares, inspires and influences their own teams and others.

5.2 Development and talent management

ERGO's management culture is based on the principles of sustainable management and the promotion of diversity, in which we respect and support individual strengths of each person.
ERGO stands for an open and supportive leadership that strengthens innovation, creativity and commitment, which contributes to the sustainable success on the one hand and increases the performance and satisfaction of employees on the other.

MEAG values an inclusive, diverse and open culture, as each individual employee makes a significant contribution to MEAG's overall success. This is reflected in the MEAG Guiding Principles: One Culture, One Performance, One Ambition, One Team, One Courage. These principles express who MEAG is, what it stands for and how it wants to collaborate. They apply to employees and leaders alike. The Guiding Principles form the framework for all formats in the People and Talent Development context and are the basis for MEAG's leadership development.

Feedback culture

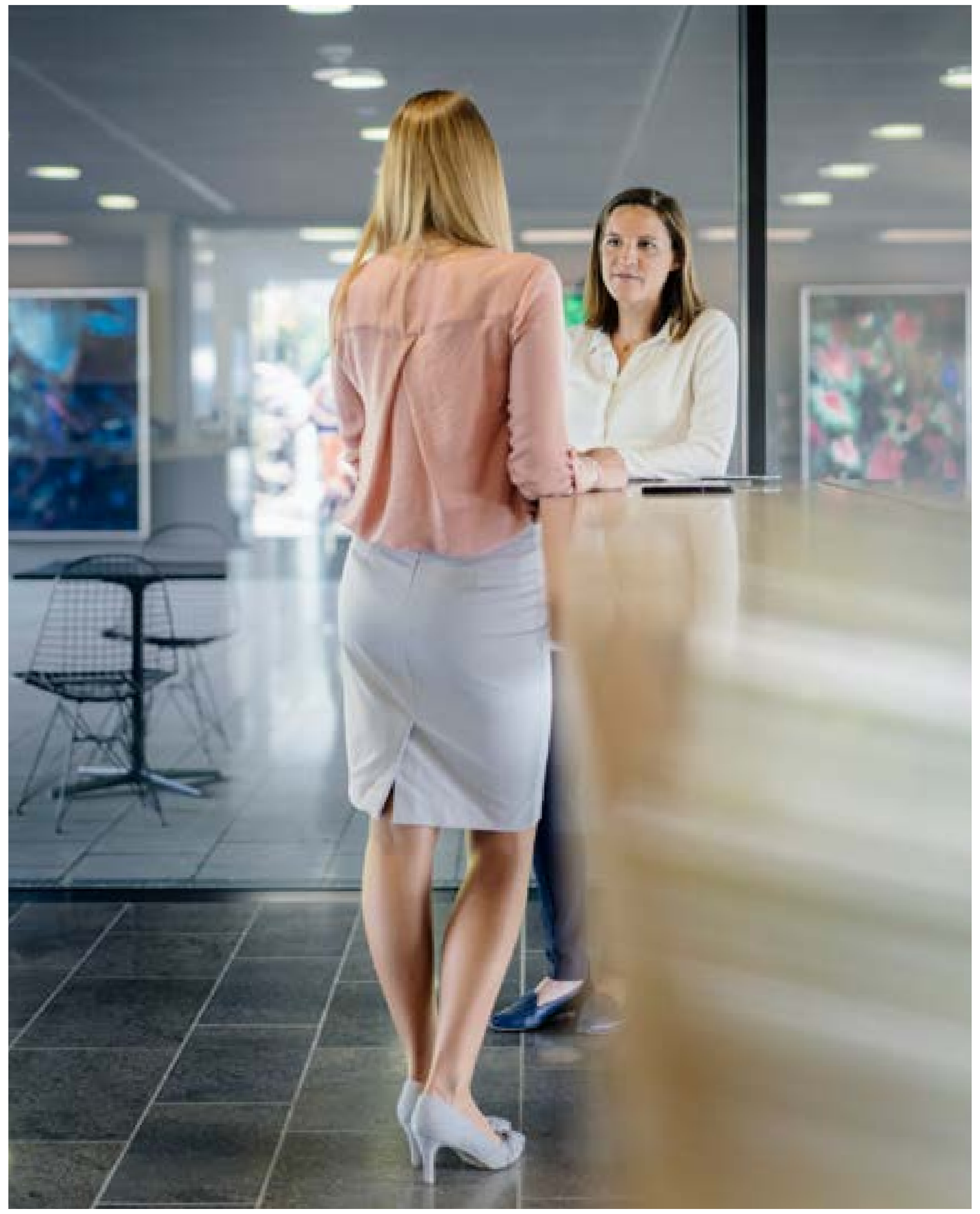
Feedback is crucial for Munich Re and forms an integral part of employee development measures in all business fields.

In reinsurance, Continuous Conversations is a holistic approach striving to create open and honest dialogues that provide multi-directional feedback, one that is future-focused as well as strength-oriented. The approach includes three interlocking elements: Commitment – Development – Feedback. Continuous Conversations has no formal processes or ratings and instead relies entirely on individuals' and teams' active engagement.

Our Leader Check-In additionally provides all leaders with the opportunity to receive feedback from their team and peers and helps to establish an environment where feedback is given in a more regular and natural form. Leaders can then compare the results with their self-assessment and have a dedicated conversation with their team. To ensure best possible validity, feedback tools combine a variety of methods. This approach fosters an open culture where feedback is a regular and natural occurrence. This promotes empowerment, trust, flexibility and inclusion, which are also linked to our new ways of working project.

At ERGO, senior managers benefit from individual 360-degree feedback. This encourages an open dialogue and supports the managers in their personal development plans.

The establishment of a modern feedback culture is central to MEAG. As part of the newly implemented OneGrowth@MEAG approach (an employee talent development system), structured feedback based on modern methods is given in regular development conversations. This approach targets all employees, including leaders. OneGrowth is a future- and strength-oriented approach based on three elements: Essentially it comprises 70% learning through experience and feedback, 20% learning through others, and 10% learning through courses. MEAG leaders have received comprehensive leadership training in this context.



5.2 Development and talent management

Talent development

> GRI 3-3; 404-2

In 2023, Executive Reviews, a new Group-wide process for identifying talent at the top management level, was introduced. This approach provides a comprehensive Group-wide strategic overview of talent, promotes talent mobility and ensures a robust, diverse and sustainable talent pipeline. The resulting "Top Talent Pool" forms the basis for succession planning and talent programmes. Talent programmes systematically support employees in their careers and prepare them for future responsibilities across the entire Group. Continuous talent development is key to achieving the strategic business goals outlined in our Munich Re Ambition 2025.

The **Group Management Platform (GMP)** is a diverse and vibrant network of 100 leaders (44 female and 56 male), including Board members, CEOs of subsidiaries and key position holders, who have the potential to make a greater impact. GMP is a core management development platform that includes reinsurance, ERGO and MEAG in one programme. It fosters collaboration across all business units and connects key individuals. GMP provides top-class management development formats with the support of renowned business schools, top executive coaches, and internal development solutions.

In reinsurance, we offer the **Hydrogen** programme as an innovative and advanced development option for high-potential individuals and thought leaders who aspire to make a greater impact at a global level. In 2023, the programme had 74 participants (34 female and 40 male). It supports candidates by providing global development and networking opportunities, along with increased visibility through project assignments and leadership training. In addition, the **Oxygen** programme is an accelerated development option for aspiring people and thought leaders who want to reach the next level of impact at a local or regional level. In 2023, it had 205 participants (103 female, 101 male and 1 undisclosed).

ERGO Grow is a talent identification process for non-senior management employees in Germany. It is based on a broad understanding of talent that goes beyond leadership and includes further directions for development. Group-wide competencies are employed in this process that reflect the requirements for present and future business success. A focused development centre systematically identifies talented individuals and then prepares them for future leadership roles.

For managers in transition, ERGO continues to offer two programmes. The **Future Manager Programme** prepares talents to take on a new management role for the first time. The **Next Level Leadership** programme is a programme for managers in transition to take on a role as a future department Head. The **ERGO Leadership Programme** (ELP) promotes top talents in middle and top management in the global ERGO organisation to positions with more advanced senior executive tasks. The programme helps them to successfully master the challenges of being an inspirational leader and thus shape the future of ERGO. The ELP provides high-end management courses supported by one of the leading European business schools. In 2023, 23 talents (12 female and 11 male) from 8 countries participated in the programme.

As part of the "OneGrowth@MEAG" approach (top) talent at MEAG are systematically identified and developed. Beyond this, **Leading@MEAG** is a programme for leaders at the beginning of their leadership careers. The programme is aimed at employees in their first leadership role as well as experienced leaders who are new to MEAG. As well as providing up-to-date leadership know-how, the programme focuses on developing cross-divisional collaboration between leaders, based on the guiding principles. In 2023, 17 managers (9 female and 8 male) took part in the programme and were supported with targeted individual coaching, training and networking events. In addition, talents are supported and developed through individually tailored training activities along their OneGrowth development plans.

Our success in internal talent development is reflected in the high internal staffing rates for management positions. In 2023, 74.4% of open management positions in Germany and 60.7% worldwide were filled with internal candidates. For the remaining positions, we deliberately continue to complement our management with external recruits.

Staff development

> GRI 3-3; 404-2

To prepare to meet our clients' future needs and emerging challenges, Munich Re provides a comprehensive range of training programmes for staff development worldwide. The content is regularly updated to meet current and future requirements.

Munich Re's Ambition 2025 charts the path for digital capacity building, as expanding the digital expertise of our employees is one of Munich Re's core goals going forward. To this end, we continuously grow our digital learning opportunities and promote a digital culture, thus enabling our staff to master the tools and working methods required to meet our clients' expectations. Group-wide, 90.8% of our employees completed at least one digital training course in 2023.

In reinsurance, a key offering in our learning landscape is **LinkedIn Learning**. Due to its availability across all reinsurance entities, its high degree of flexibility, and its diverse range of business- and technology-related topics, it is used extensively worldwide. This is reflected not only in the approximately more than 8,600 licences that have been activated, but also in the fact that more than 164,000 learning videos were completed in 2023.

Furthermore, the **Digital School**, a platform with a wide range of learning content and formats, allows staff to expand their digital knowledge through self-directed learning. Learning in reinsurance is embedded in the Continuous Conversations framework, which places regular dialogue about personal commitment, feedback and development at the heart of how we work together and empowers employees with greater agility and autonomy.

ERGO offers support measures to accompany employees in the digital transformation and builds their relevant skills. With the digital learning platform "e-campus", ERGO provides self-learning opportunities in video and audio formats. In addition, relevant training topics such as resilience, collaboration or change management are addressed in-depth in monthly themes and communicated to staff in user-friendly formats such as podcasts, short webinars or articles. The **Digital Morning**, a monthly hybrid event for all ERGO employees as well as internal and external guests, which covers digital and transformation topics, is also firmly established.

As part of the OneGrowth@MEAG approach, which emphasises the personal development of employees, MEAG has introduced the MEAG Academy. This offers a comprehensive and future-oriented range of learning opportunities to facilitate the 10% learning objective through formal learning offerings in OneGrowth. They are based on business-related requirements and modern learning formats for employees and leaders, bundled in a user-friendly and transparent manner. Besides formats in the fields of leadership development and personal development, LinkedIn Learning is a new core element of the MEAG Academy. In addition, the Core Curriculum provides a set of targeted offerings for specialist development in MEAG's core asset management functions.

Attracting and retaining talent

> GRI 3-3; 401-1

Munich Re aims to remain a fair and responsible employer that attracts, develops and retains staff with exceptional expertise and broad experience worldwide. To this end, we promote a forward-looking and value-driven working culture in which collaboration across our global organisation and with external knowledge networks leads to the best solutions for our clients – and supports our goal of keeping Munich Re an attractive employer for our staff.

This is reflected in the fact that the average length of service at Munich Re is 13.3 years. At 4.8%, voluntary employee turnover in 2023 was also low.

Munich Re's reinsurance unit has positioned itself in labour markets with the employer value proposition (EVP) **"Push boundaries. With us."** It presents reinsurance as an employer that provides talents with the space they need to achieve more together, while supporting and encouraging them in the process. The EVP was developed through a bottom-up approach, whereby Board members, leaders, and employees worked together to develop the strategy. In the last two years, HR and Communications teamed up to create synergies between the overall marketing and employer branding strategy. The performance of the EVP campaign concept is continuously assessed, and necessary enhancements to the concept are implemented on an ongoing basis.

ERGO's EVP **"ERGO. Grow together."** is based on the four employer values of diversity, development, success and collegiality. By demonstrating ERGO's qualities and ambitions, the company aims to confidently meet the increasing demands in the market. More than 150 employees were involved in the preparation of the EVP. Working closely with the purpose and the consumer brand, an employer value proposition was created to help retain or attract employees to ERGO who can successfully deliver on this customer promise. Now that the EVP has been implemented nationally, it is being rolled out gradually in individual countries from the end of 2023. "ERGO. Grow together." provides a global framework that takes national interests into account.

MEAG's key belief **"We are MEAG. We are ONE."** underlines MEAG's commitment to a diverse, open and inclusive culture – not only in their daily interactions, but also as an employer with a focus on talent attraction, development and retention. Furthermore, important aspects of attracting talent include the continuous improvement of its external presence, such as through active collaboration with educational institutions, participation in career fairs and the provision of internship opportunities.

Young talents

Demographic change is an ongoing challenge that we take very seriously. This is one of the reasons why Munich Re constantly strives to live up to a meaningful and ambitious employer value proposition that fosters internal potential and simultaneously attracts new, business-critical talent.

In addition to recruiting experienced specialists, Munich Re is constantly on the lookout for junior talents, i.e. students, graduates and young professionals. To this end, we cooperate with selected universities and connect with candidates at online and on-site events. We also engage our target groups through social media and global marketing campaigns to provide employer insight, attract talent and facilitate recruitment.

Different graduate programmes across the Group are important pillars in addressing the need to attract new, external talent to our Group-wide workforce. Programme duration, assignments abroad, rotation and mentorship are all designed to maximise particular skills, experience and career options. Graduate trainees enjoy the opportunity to expand their professional networks, gain technical expertise and enhance their leadership skills. Trainees work alongside experts from different fields – from data science, IT and engineering to legal, finance and the core business. All our graduate trainees benefit from a culture that thrives on diversity and lifelong learning.

In 2023, 10 trainees successfully completed the Group's **Explore** programme and started their first job in the Group. At the same time, the fourth cohort with 10 new trainees (5 female/5 male) from 5 countries started the programme. Like the previous cohorts, they will gain valuable insights into the scope of topics in our industry by rotating through reinsurance, ERGO and MEAG. In addition to on-the-job training and seminars on various topics, the focus lies on personal development and the chance to work on strategic projects.

Reinsurance offers an apprenticeship programme and the combined professional training/study programme (AIS) in Germany. These programmes for school leavers are an important pillar for securing the next generation of employees and offer a fast track for practitioners, as apprentices can receive certification with the Chamber of Commerce in Munich after just 2 years. With the **International Graduate Trainee Programme**, reinsurance offers a fast-paced, exciting journey into the heart of the reinsurance business in different locations. This trainee programme in different locations is designed for maximum career impact. Thanks to a rotation system through different departments, trainees experience the breadth and depth of the reinsurance business. In 2023, 65 graduates (39 female and 26 male) took part in the programme.

ERGO Germany's first cohort of **RISE** trainees of 9 graduates (5 female and 4 male) continued their programme in 2023. The recruitment of the next RISE cohort is already being prepared. The programme's goal is to systematically develop participants' professional, social and personal skills to prepare them for the various challenges within the Group.

The MEAG **Futures** trainee programme (3 female, 6 male trainees), which started in 2022, prepares participants for their career in asset management through several trainings, as well as cross-MEAG rotations and projects in different departments. During 2024, the trainees will go through further rotations and from 1 March 2024 they can transition into their target function. Planning for the start of a new MEAG trainee programme for 2024 is underway.

5.3 Diversity, equity and inclusion (DEI)

> GRI 3-3; 404-2; 405-1

Deeply embedded in our corporate culture, diversity, equity and inclusion (DEI) is a key contributor to the success of our business. This value is reflected in our diversity targets, which are part of Munich Re's Ambition 2025. The diverse backgrounds, experiences and talents of our employees are among the most valuable assets for our future success. Different ideas, ways of thinking, experiences and knowledge are also essential to being an excellent partner for our clients.

In 2023, we developed a new Group-wide vision statement for DEI that clearly and meaningfully links to our overall purpose as a Company. This vision will guide our future endeavours on DEI and purposefully sets out its strategic importance for our Company.

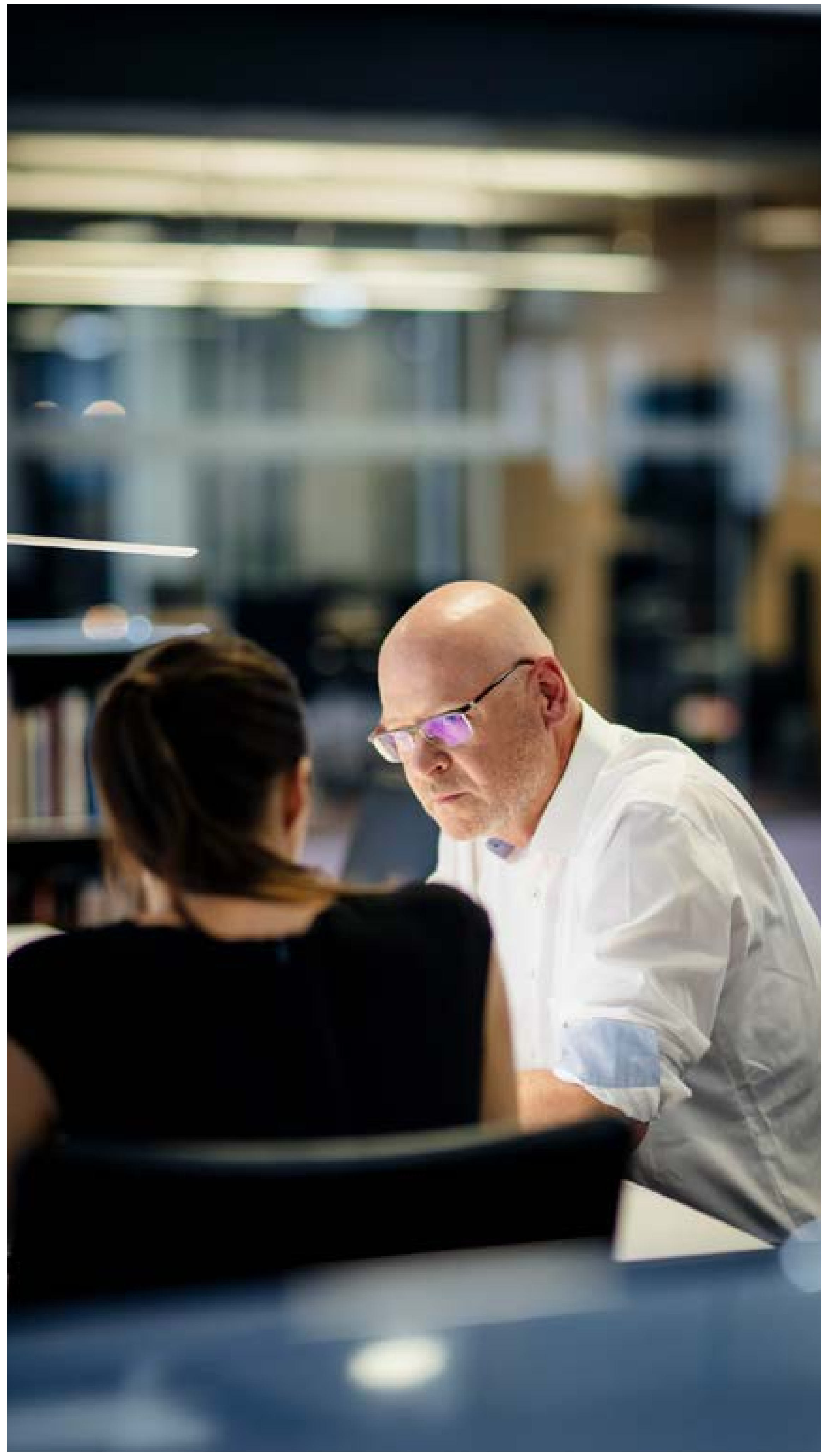
DEI Vision Statement: Diversity, equity and inclusion foster innovation and resilience and enable us to act braver and better. Embracing the power of DEI is at the core of who we are.

The strategic management of DEI is carried out by a Group-wide function. The HR departments of the business fields are responsible for the initiatives and the operational implementation in the respective locations and business units. In addition, a Group-wide DEI governance was implemented in 2023. All Group-wide activities are coordinated by the DEI Management Team, consisting of the Labour Relation Directors from Reinsurance, ERGO and MEAG. The DEI Management Team is chaired by the Labour Relations Director for Munich Reinsurance Company who sits on the Board of Management. This Management Team is supported by a DEI task force, which plays an active role in developing and implementing our DEI initiatives at the international level.

Our global activities focus on two key dimensions: gender and generations – as well as on numerous additional dimensions locally in our regions, such as race and ethnicity, sexual orientation, gender identity and expression, disability, religion, parenting and caregiving. Since 2012, Munich Re has also been part of the German employer initiative "Charta der Vielfalt" and thus supports the recognition, appreciation and integration of diversity.

In 2023, Munich Re placed 5th on the German Diversity Index published by Beyond Gender Agenda. Not only did we improve our position by 11 places, but our performance in the dimensions of gender, age and nationality exceeded industry averages. The index covers, analyses and evaluates all 40 companies on the DAX40, placing us in the top 5 among the largest German stock corporations.

Munich Re takes a clear stand against racism, inequality and discrimination of any kind – be it related to gender, generational differences, people of colour or members of the LGBTQIA+ community.



Our Group-wide Code of Conduct, which is binding on all employees, prohibits discrimination, social misconduct and harassment, including sexual harassment. Employees receive regular mandatory training on the Code of Conduct to promote understanding and compliance. This also includes training on the German Equal Treatment Act (AGG) in Germany and equivalent legislation in other countries. An escalation process for reporting incidents is clearly defined and complaints offices have been established to deal with cases of discrimination.

Gender diversity

Our ambition to foster women in leadership positions is essential for the whole Group. As part of Munich Re's Ambition 2025, we have set ourselves the target of increasing the proportion of women in management positions to 40% by 2025, globally and across all management levels. To achieve this goal, a Group-wide approach has been introduced, based on the key principles of a revised staffing process for senior management positions, an even stronger focus on gender-balanced talent development and quarterly monitoring of gender diversity progress.

In addition, established support measures to promote gender diversity were continued in 2023. These include mentoring programmes, coaching, training courses for women in management, career advisory services, training courses on unconscious bias, and individual part-time and parental leave models. A wide range of family support services, including childcare, elder care and career counselling, completes the portfolio.

Talent Development Programme	Proportion of women
Group Management Platform (Group)	44%
Hydrogen (reinsurance)	46%
Oxygen (reinsurance)	50%
Grow (ERGO)	50%
Leadership Journey (MEAG)	53%

An employee's qualifications, long-term performance, potential and work experience form the basis for compensation and salary increases. It goes without saying that gender is not a differentiating factor in salary development.

39.5%

women in management positions globally

In 2023, women accounted for 39.5% of our management positions globally and for 30.0% in Germany. Thereby we almost reached our Group-wide target of 40% by 2025. Find out more about our voluntary commitment to equal participation.

We continue to place a special focus on balanced gender diversity in our talent programmes (see chapter ↘ Talent Development).

Different generations

Another component of our diversity strategy is to actively support and encourage the development of different generations and employees at every stage of their professional careers. In addition to flexible working time and time-out models tailored to individual life phases, such as sabbaticals or the option of converting financial benefits to leave time, Munich Re offers extensive employee assistance programmes to support staff with health or caregiving challenges. A wide range of training courses are open to all staff at every stage of their careers.

Internationality and ethnicity

Our global workforce represents 131 different nationalities in more than 50 locations and offers huge potential for diverse approaches and risk solutions for our clients.

>130

nationalities in our workforce

We drive this through well-balanced teams and globally transparent staffing of key functions. At the same time, we encourage the development of international expertise and staff our Group-wide talent programmes with ambitious people from all areas of the Group. As a result, we have 41 different nationalities represented in our talent programmes, with a high proportion of participants in Talent Development working outside our headquarters.

Talent Development Programme	Number of nationalities	Percentage of participants working outside our headquarters
Group Management Platform (Group)	19	65%
Hydrogen (reinsurance)	22	76%
Oxygen (Reinsurance)	35	76%
Leadership Journey (MEAG)	3	0%

Networks and Employee Resource Groups

To respect and address the specific needs of certain groups of employees, Munich Re supports numerous internal networks and Employee Resource Groups (ERGs) across the businesses. We are committed to maintaining an inclusive workplace and Company culture, one which benefits from understanding different types of needs and using diverse points of view. These groups play a vital role in providing a better understanding of the business needs of our current and future clients, which, in turn, helps us capitalise on new business opportunities. Examples of volunteer, employee-led groups and networks include networks for women, LGBTQIA+, young professionals, working parents, people of colour, and veterans. These networks help Munich Re colleagues connect with each other, use professional development, and support and extend themselves to realise opportunities they might not otherwise get in their day-to-day roles.

In 2023, a global DEI Council was established, consisting of colleagues from across all three business fields and chaired by the Global Head of DEI. The Council provides guidance to the DEI Management Team on a Group-wide level, acts as the voice of the employees on DEI matters and acts as ambassador for DEI in the business fields.

5.3 Diversity, equity and inclusion (DEI)

DEI initiatives 2023

Colleagues from all business fields and regions can take an active part in our DEI initiatives, supporting the company to achieve its DEI ambitions and providing personal opportunities for development, learning and growth.

Reinsurance continued with its strong focus on locally driven and regional DEI initiatives. The North America region continued to drive diversity, equity and inclusion through various employee resource groups and built on external partnerships that contributed to a culture of inclusion. It increased training offerings to provide a deeper dive into topics around the LGBTQIA+ community, allyship and unconscious bias. Specifically, different DEI events were hosted in Canada to drive awareness and increase employee engagement, including Pride, National Indigenous People's Day and International Women's Day. The US broadened its focus on non-traditional recruitment avenues, for example by expanding its Dare to Dream programme focused on high school students and starting an apprenticeship programme, engaging students from community colleges to encourage interest in the insurance industry and contribute to building a diverse pipeline. In addition to engaging 2,400 employees across various Employee Resource Group (ERG) events, a new ERG was added focusing on people with disabilities.

The Asia, Pacific and Africa region of reinsurance continued to focus on building an inclusive and equitable culture with microlearning modules – and it also introduced webinars on the connection between inclusion and wellbeing. Additionally, 31 women graduated from the Oxford Women's Leadership Programme, and are now part of an alumni of 90 since the 2021 pilot.

In reinsurance Germany, additional resources have been established in the HR department to anchor DEI topics even more firmly in the corporate culture, and to drive forward a comprehensive strategy. The existing ERGs (Women at Munich Re and Pride at Munich Re) were strengthened with advocates and additional members. The ERGs Global Village, which addresses international employees at the Munich site, and Disability at Munich Re were also established. In 2023, the ERGs reached some 1,600 employees at more than 40 events.

In January 2023, the UK and Ireland region in reinsurance launched its first DEI Strategy aimed at delivering progress on three key pillars: Attract Workforce Diversity through Inclusive Recruitment, Grow Workplace Equity through Inclusive Sponsorship, and Inspire an Inclusive Culture through Continuous Learning. Since the launch, a self-ID campaign has been rolled out, enabling employees to share identity data voluntarily and confidentially, and an Inclusive Mindset Framework has been introduced to educate colleagues on demonstrable traits and to be inclusive of others. In addition, a best practice guide has been developed to make our recruitment processes more equitable and inclusive.

At ERGO, the 11th mentoring programme for female high potentials in Germany has been completed and the 12th round has started. So far, a total of 175 women have taken part in the mentoring programme, 63% of whom have taken on a first or higher management position. In addition, a complete month on the topic of DEI was organised with a wide range of content and different learning formats to raise awareness of DEI topics. As well, ERGO took part in the annual "Diversity Day" in Germany in May 2023 and used this opportunity to inform the workforce about the ongoing measures and initiatives relating to DEI at ERGO.

The international rollout of the Group-wide DEI strategy took place at a global level. To create transparency and promote the exchange of best practice, an international DEI expert community was set up, with representatives from 12 companies in ERGO's international organisation. In addition, as part of the "Succeed – Women in Leadership" initiative, women in top management positions were presented as role models to inspire career aspirations.

MEAG will continue to fulfil its clear commitment to greater diversity in its workforce. The goal is to provide people of different backgrounds with equal opportunities, especially in their application process, staffing, career paths and professional development, and to be an inclusive organisation where all employees can freely show their identity and feel connected and motivated. As part of the MEAG 2025 Ambition, MEAG continues to pursue clear goals regarding women in management positions.

We monitor the progress of gender diversity through defined KPIs and use the insights of our employee survey and the inclusion index to derive proper measurements for steady improvement. In 2023, we also placed a focus on DEI Awareness Days. Our aim was to raise awareness of various dimensions of DEI, to increase knowledge and understanding, and to promote social connectedness.

Pride Month is one of the world's most important celebrations of diversity, and Munich Re's offices are aware of its importance, having celebrated this year's Pride Month all over the world with numerous events and activities to raise visibility and awareness for the LGBTQIA+ community. Reinsurance and ERGO continued their collaboration with "Prout at Work". MEAG and Munich reinsurance's joint Pride Network established an LGBTQIA+ advisory service point. This safe space for personal advice and support has remained available to all staff and managers ever since. The network also collaborated with "Prout at Work" in November to host a "togathering" on the topic of "Visibility & the Power of Authenticity", to which members of the wider LGBTQIA+ community at other companies were invited as well. For the second year in a row, ERGO had its own float in the Christopher Street Day parade in Cologne. This was initiated by the ERGO LGBTQIA+ employee network.

The **International Day of Persons with Disabilities** (IDPD) raises awareness around the topic of disability and focuses on education about disabilities in all spheres of society. It is a special day for us to not only raise awareness, but learn about creating equitable and inclusive spaces, and celebrate the achievements and contributions of people with disabilities. Empowering and enabling employees plays a crucial role in living up to shared responsibilities and creating an inclusive workplace. In January, the reinsurance business in Munich, together with MEAG, organised a day dedicated to staff with disabilities. In collaboration with the myAbility social enterprise, an awareness session was organised, featuring educational material, testimonials about people's experiences at work, as well as a segment on the topic "Language creates reality". In December, ERGO participated in the International Day of Persons with Disabilities, and provided visual support to the #PurpleLightUp campaign with lighting effects.

5.3 Diversity, equity and inclusion (DEI)

Flexibility and support

Munich Re values all its employees for the contribution they make and understands their many different circumstances. For many years, the Company has offered its staff a wide range of options for combining work with family and private life.

In addition, Munich Re provides specific assistance services to families. In Germany, for example, the Group offers services such as childcare in affiliated nursery facilities, an allowance for privately organised childcare, parent-child office spaces, family services, holiday care services and elder care support. ERGO has been awarded the "audit berufundfamilie®" certificate five times since 2009 for the family-oriented personnel policy at all locations in Germany.

To support employees and their young families, Munich Re in Germany encourages its employees to make use of the various paid parental leave schemes offered by the state, such as Elterngeld or ElterngeldPlus, which enable parents to take a break from work to bring up and care for their children.

We believe it is important for our employees to be supported in smoothly continuing their careers after parental leave. Information events and advice for parents help employees to balance work and personal interests and allow them to take advantage of flexible working arrangements. In addition to a range of childcare and family support programmes, employees also have access to career coaching to help them clarify work-life balance issues before they take parental leave. These measures were implemented to help employees return to work smoothly after a career break and to support them in their career progression.

"The heart of any diversity, equity and inclusion strategy must keep a constant balance between all three aspects"

Interview with Sarah Boddey
Global Head of Diversity, Equity & Inclusion

Diversity, equity and inclusion are fundamental to our success at the Munich Re Group in serving our clients of today, and tomorrow.

Given the growing importance over the last few years of DEI to our clients, investors, colleagues and communities, we appointed a Global Head of DEI for the Group in 2023 to support the Board of Management in developing a globally relevant, holistic DEI strategy to capitalise on the DEI work that has been carried out in the business fields over the last few years.

Sarah Boddey, Global Head of Diversity, Equity and Inclusion, tells us about her start at Munich Re last year and the ambitious plans Munich Re has for DEI in 2024 and beyond.

Why is DEI so important at Munich Re?

Sarah Boddey: Diversity, equity and inclusion are fundamental for modern business – we are all unique and different, we all want to be treated with respect and to know we have equitable access to opportunity. The heart of any DEI strategy must keep a constant balance between all three aspects so that everyone can thrive and give of their best to a company, its clients, investors and stakeholders. Attracting, recruiting, developing and retaining a diverse, inclusive and equitable workforce is key for Munich Re if it is to remain innovative and fit for the future.

What have been your impressions of DEI since you joined the Company?

Sarah Boddey: The rich history of the Company, stretching back more than 140 years, provides a really special culture that has constantly evolved to meet the new and changing needs within the insurance industry.

From the Board down, I can see that the benefits of a diverse, equitable and inclusive workforce are well understood and that there are already solid DEI strategies in place across the business fields and regions in which we operate. I'm really looking forward to bringing these together in a holistic DEI strategy that will serve the Group for years to come.

What steps have you taken so far in developing a DEI strategy for the Group?

Sarah Boddey: During 2023, we focused on getting the right governance in place to support the strategy, from the top of the organisation with our Board and DEI Management Team, to the leaders and colleagues supporting DEI every day. The establishment of the DEI Council was a real highlight as it has representatives from all parts of Munich Re, ensuring we get the most diverse range of employee voices, helping us shape the DEI strategy.

Developing the vision statement for DEI was also crucial – it is deliberately linked to our overall purpose as a company, firmly anchoring DEI in all that we do. In September we began an independent audit and assessment of all our DEI strategies and activities across the business fields and regions. Whilst the guiding principle of 'local first' will always remain for our DEI strategy, having a clear understanding of where we can get better and faster when we join forces across the Group is vital.

What plans are ahead for DEI in 2024 and beyond?

Sarah Boddey: 2024 is going to be an exciting year for DEI at Munich Re. The DEI audit and assessment project mentioned above will reach its conclusions and recommendations in the first quarter.

After that, we will work with the Board of Management and business field Boards to assess the results and integrate the recommendations into our DEI strategy. We plan to develop an inclusive leadership education series for our senior leaders and progress the assessment of our hiring and development processes and practices for inclusivity.

We will continue with our global celebration days, such as International Women's Day, Pride Month and International Day for People with Disabilities, to mention just a few, and we will develop a new global framework for our Employee Resource Groups so we can better tap into the rich and diverse knowledge and experience of our colleagues around the world.

"Our success increasingly hinges on DEI, not just because it's the right thing to do, but because it is a business imperative. The more diverse the knowledge and experience of each and every team member is, and the more proficiently we orchestrate these various skills both within and across teams, the more successful we are."

Joachim Wenning, Munich Re CEO

5.4 Employee engagement and wellbeing

Employee engagement

> GRI 2-30; 3-3

For Munich Re, internal employee engagement surveys are crucial to assess employee experience. They provide a better understanding of how employees want to work and collaborate in the future, and show us how to further cultivate the strengths that distinguish us from other companies.

Munich Re implemented a Group-wide approach to measure sustainable employee engagement that is integrated into the annual surveys of the three business fields. Our Employee Engagement Index covers more than 35,000 employees from reinsurance, ERGO and MEAG, and achieved a response rate of 75%. In total, 78% of our Group-wide employees who participated in the survey are actively engaged. The survey results were further analysed by gender and age categories. In addition to the nine core questions to measure long-term employee engagement, each business field concentrated on selected business and specific people topics within their global employee surveys.

As part of the comprehensive global survey, the German ERGO organisation focused on the New Work approach. Process efficiency, company leadership and the implementation of strategy and change initiatives were also surveyed.

In the international organisation, each company focused on the specific priority topics identified in the last full survey.

In the YourVoice@MEAG survey, MEAG focused on its organisational culture and guiding principles. Equal opportunities for all employees in terms of diversity, equity and inclusion, and employee perspectives on the newly implemented OneGrowth@MEAG approach, were also analysed. The survey results show that the implementation of the OneGrowth@MEAG approach was successful – with 82% of respondents confirming that they were familiar with its key elements.

The reinsurance organisation conducted the global YourVoice@MunichRe survey to understand employees' perspectives on leadership and organisational culture, resilience and wellbeing, DEI, Continuous Conversations and the implementation of the hybrid work approach under the Together@Work model. With regard to Continuous Conversations, 75% of respondents confirmed that they give positive and constructive feedback to others, including their manager and peers, thereby contributing to a culture of ongoing development and collaboration.

New Work

Global trends, business demands and the expectations of our staff are transforming the way we interact within our organisation and with our clients. The "New Work" concepts were developed and tested individually in each business field, then adapted based on the test results and rolled out in 2023. The concepts include new workplace designs and frameworks for hybrid working.

In reinsurance, we actively shape the changing of our work culture within the Together@Work initiative. Global core principles relating to flexibility, empowerment, inclusion and trust form the basis for a hybrid working environment and set the scene for New Work projects. These projects focus on the topics of workplace, work mode and qualification measures for hybrid working. Various entities within reinsurance enable their employees to work abroad on a mobile basis as part of pilot projects.

New Work at ERGO has offered a modern framework in which the employees can carry out their tasks effectively with more personal responsibility and flexibility. In this way, ERGO aims to ensure its attractiveness as an employer and promote the satisfaction of its employees while, at the same time, sustainably supporting productivity and innovation. The focus of the next phase will be on empowering managers to organise New Work holistically in their teams and implement it consistently.

The aim of the New Work@MEAG project is to create a flexible and attractive working environment that promotes excellence, innovation and cohesion, while breaking down silos and encouraging new ways of working together in a hybrid working environment. Based on the experiences on dedicated pilot floors, employees were able to test the new office space concept and provide feedback to help shape it. Almost 50% of employees tested the concept and were involved in the design. Floors were gradually renovated and modernised by the end of 2023 within the originally planned schedule. An additional floor for multifunctional usage (multipurpose room, creative rooms, Parent-Child-Office, etc.) has been renovated to meet requirements in response to the feedback received from employees requesting improved collaboration.

Health and wellbeing

As a responsible employer, Munich Re aims to provide a healthy and safe working environment. In addition, we constantly strive to improve physical and mental health and increase our safety standards.

Our Group-wide Health, Safety and Wellbeing Statement is based on four pillars: mental health, physical health, social connectedness and the work environment.

Munich Re offers all its employees a wide range of models that provide flexibility in terms of working time and location. Bonuses, for example, can be converted into leave time in the form of short sabbaticals, allowing employees to take longer breaks from work. Longer sabbaticals are also possible. We offer a wide range of flexible working arrangements. In 2023, 97.0% of Munich Re's employees were covered by guidelines formalising regular mobile working. Internal company agreements for individual locations and divisions allow for a well-balanced professional life.

97.0%

employees with the possibility to regularly work from home

Munich Re's support for employees' health often goes beyond statutory requirements. At our headquarters in Germany, for example, we provide medical care and preventive measures, as well as sports and relaxation programmes offered by our own Company medical staff and partners. The offer extends to health counselling as well as individual measures to help employees return to work after a

5.4 Employee engagement and wellbeing

long period of sickness. To reduce work-related stress and to promote mental health, training on psychological safety and mental resilience is available at various Munich Re locations worldwide. Specialised counselling is available at several locations in Germany to address difficulties at or outside work. We also work with external providers to offer Employee Assistance Programmes (EAPs), which are accessible to our employees.

In Germany, Company medical staff and specialists are on hand to help in acute crises and are also available to employees for consultation on all health-related issues. This includes prophylactic examinations, vaccinations, first aid, and advice on addiction and mental health. At Munich Re Munich, occupational safety committees, made up of permanent members, regularly discuss matters relating to safety in the workplace, deliberate on measures and formulate decisions. Topics include ergonomics, fire protection, first aid, accident prevention and workplace health promotion. “ERGO sports” is one of the most comprehensive company sports programmes in Germany, available at all major ERGO offices across the country. At ERGO Germany, information material and training documents on occupational health and safety are provided on the “Arbeitsschutz-Infoportal” platform, and consulting sessions are offered to raise awareness. The occupational safety team carries out internal safety audits by looking at workplace inspections, accident analyses and risk assessment reviews. All executive managers at ERGO Germany receive annual training on their occupational health and safety duties. Participation in this training is mandatory and the online course concludes with a test.

To promote physical health, MEAG launched a cross-location company sports fitness programme with an external cooperation partner in October 2023, which offers employees extensive benefits. The company doctor’s consultation hours were extended, and additional preventive examinations were introduced. In addition, a free fruit offering was started in the canteen. As part of World Mental Health Day on 10 October, the topic of mental health in the workplace was focused on with several activities, including specialist lectures from our partner, pme familienservice, on mindfulness, resilience and mental strength. There were information booths for all topics around life situation coaching and psychological support as well as yoga offerings.

Group-wide, more than 95.9% of employees have access to corporate medical care services such as doctors or health insurance.

Remuneration and pensions

One of Munich Re’s core principles is to offer an attractive and competitive income for its employees. In addition to benchmark data and the economic development of the Company, changes in costs of living are one of the factors determining an appropriate salary increase budget. Given the current situation and the need to cope with the speed of inflation trends, Munich Re has offered additional budgets for salary increases in different entities, and/or has paid inflationary adjustment premiums to its employees in Germany.

Company pension schemes are a major voluntary benefit in many of the Group entities, and include company pension offerings, additional pension commitments for non-pay-scale employees and managerial staff, and, where applicable, the option to convert salary components to pension benefits (deferred compensation).

The German reinsurance and ERGO units are also both members of the German Insurance Employers’ Association and are therefore bound by its collective bargaining agreements. Globally, 62.0% of all employees are covered by collective bargaining agreements.

6.

Society

6. Society

> GRI 3-3

Our social impact strategy reflects our dedication to improving public welfare and promoting social cohesion. Munich Re is committed to this goal. We choose fields of action where we can leverage our expertise to help amplify the impact of our actions. Specifically, we focus on three significant global challenges: combating climate change and its consequences, improving access to healthcare, and increasing risk awareness.

>1,000
organisations supported in 2023

Besides our focus on these global challenges, we also promote social and cultural projects at the locations of our entities all over the world and provide support for ↘ disaster relief measures following natural disasters and unforeseeable events.

Our Group-wide guidelines govern donations and memberships, in addition to separate guidelines on sponsorships. These guidelines include recommendations on budget allocation, binding principles, consultation and approval processes, decision criteria, and responsibilities. The guidelines on donations and memberships include information on our social impact strategy as well as our strategic guiding principles for all societal contributions (donations, social memberships, social sponsoring and social cooperation agreements). Alongside selected Group-wide activities coordinated by the Group's Sustainability department, each entity of our Group chooses its own projects and allocates its own resources in accordance with the guidelines. We conduct annual internal audits aiming to ensure compliance with the guidelines. Our social activity expenditure is monitored annually on a Group-wide level using a standardised reporting system.

Our commitment to making a difference

In the following section, we provide insight into a small selection of our many initiatives. The focus is on our Group-wide project, Tackling Climate Change Together, as well as on aid measures for disaster relief and our employee engagement.

Tackling Climate Change Together – adjusting to climate change and mitigating its consequences

Given that climate change is one of our three strategic focus areas, we place considerable emphasis on projects that mitigate climate change and its consequences. Our Tackling Climate Change Together (TCCT) initiative lies at the heart of this commitment. Driven by reinsurance and ERGO, the TCCT programme currently focuses on ecosystem-based adaptation initiatives. Core activities include the maintenance, sustainable use, and regeneration of ecosystems to limit the regional effects of climate change and help meet the basic needs of people living in affected areas. We are all experiencing the consequences of more frequent and more intense extreme weather events, including heatwaves, droughts, heavy rainfall, and severe cyclones. Yet it is often the case that those who suffer the most from extreme weather events are those who already live under difficult circumstances and face economic pressure. Our initiatives help to mitigate the consequences of weather-related natural disasters and show people how they can adapt to climate change.

In addition, we support innovative start-ups that remove CO_2 from the atmosphere. We take a long-term view of these initiatives to maximise their chances of success because all projects need to be given time to succeed. Only then is the positive impact in terms of our objective of tackling climate change most visible. For example, the mangroves need time to grow and the start-ups also need time to refine their business model and reach market maturity. We have targets and impact measures in place from the start of these projects and we collaborate closely with our external partners to meet them. Find out more on the TCCT project's microsite.

Ecosystem-based adaptation initiatives: update on our Mangrove afforestation project in Vietnam

In 2020, reinsurance, ERGO and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH launched an initiative on ecosystem-based climate change adaptation in Vietnam. The project aims to reforest and rehabilitate mangroves in the Mekong Delta in close collaboration with local stakeholders. Breakwater fences were erected, and more than 100,000 mangrove seedlings and saplings were planted in close cooperation with the coastal inhabitants. The mangroves are intended to protect the coasts from further erosion, sequester carbon and provide the coastal inhabitants with additional sources of income to strengthen the resilience of the region.

The project's successful outcome in figures:

- 103,000 mangrove seedlings were planted
- 35 hectares of mangrove forest were rehabilitated
- In 2023, the irrigation system for 11 hectares of mangrove forest was improved to protect the plants from drying out
- Over 5,000 people benefited from the reforestation

Mangroves are among the most carbon-rich forests in the tropics. According to expert estimates, they are capable of sequestering an average of 1 ton (1,023 Mg) of carbon per hectare per year.[1] The exact amount varies from species to species and depending on geological conditions. The older the plants get, the more carbon they absorb. Sustainable management of the mangroves is therefore an important part of the project. Within a year, the seedlings grow between 25 and 50 cm. The official handover of the plantations to the local partners, now fully entrusted with the care and maintenance of the plantations, was completed in 2023.

[1]Carbon Cycling and Storage in Mangrove Forests | Annual Review of Marine Science (annualreviews.org)

The project developed its own co-management model to protect the newly planted mangrove plants from human interference or natural hazards in the long term. The management of the areas by the local population creates sources of income and at the same time raises awareness of the importance of protecting livelihoods.

Our project movie features impressive views from the Mekong Delta, describes the various elaborate measures adopted and shows project participants giving their impressions and reflecting on their personal experiences.

Watch our project movie here

Ecosystem-based adaptation initiatives: update on our WasserWald (GreenWatersheds) project in Latin America

In 2020, Munich Re began supporting the OroVerde Tropical Forest Foundation's GreenWatersheds project on a long-term basis. The project aims to strengthen the natural capacity of the forest ecosystem to mitigate the impact of extreme weather events. Reinsurance and ERGO support project activities of local partner organisations in Mexico, Guatemala and the Dominican Republic. Yearly impact reports clearly indicate that the project activities have been successfully implemented and that the forest and the local people benefit from them. Project work in 2023 was characterised by obvious climate change impacts in the project regions in all three countries. In particular, the scarcity of water resources, rising average temperatures and the increased frequency of extreme weather events place high demands on adaptation, especially in agriculture. OroVerde's measures in the WasserWald project once again made an important contribution. Forest fire prevention activities, planting of tree seedlings, water system maintenance training, training focusing on cultivation and improving soil fertility in the agroforestry system, as well as the establishment of further agroforestry systems are only a few examples.

Find out more about the WasserWald project

Fostering start-ups through the Carbon Removal Accelerator

As part of the largest public-private climate initiative in the European Union – EIT Climate-KIC, reinsurance and ERGO have been supporting start-ups with business solutions promoting climate innovation and facilitating a climate-resilient society since 2017. The successful partnership continued in 2023 with the sponsoring of the EIT Climate-KIC Carbon Removal ClimAccelerator. The programme aims to accelerate start-ups working on solutions developed to remove CO_2 from the atmosphere. The objective of the initiative is to scale technological and nature-based solutions such as afforestation, direct air capture, biochar, and bioenergy-based carbon capture and storage.

18 start-ups
participated in Stage 1

Eighteen start-ups from eleven countries participated in Stage 1 of the programme, which involved training sessions, individual coaching, peer-to-peer learning events and networking. The focus was on business fundamentals to help the development of viable and scalable business ideas. Eight of these start-ups were selected for Stage 2, where the emphasis is on business validation, traction and investment readiness. The programme itself was delivered by Tangent, Trinity College Dublin. As in previous years, the teams in Stage 2 received grants and tailored support from corporate mentors and experts from reinsurance and ERGO.

Find out more about EIT Climate-KIC start-up accelerator with Munich Re and ERGO

Disaster relief

With climate change increasingly leading to extreme weather events that disproportionately affect low-income communities, Munich Re has reinforced its commitment to helping by continuing its long-term partnership with Save the Children, a relationship that started in 2019. This cooperation provides rapid assistance to those in need after a natural disaster through targeted emergency relief measures. A detailed impact report is provided by Save the Children to highlight the impact of our financial contributions and the aid measures implemented with Munich Re's financial support.

In 2023, approximately 2,604 families and 1,696 children received vital aid following earthquakes in Syria and Turkey, Afghanistan and Nepal, Cyclone Mocha in Myanmar and Hurricane Otis in Mexico, and flooding in Somalia. The humanitarian interventions included, among other measures, the provision of shelter using tarpaulin, ropes and blankets, along with foodstuffs, hygiene kits, nutritional assistance, and psychological and pedagogical support.

Our employee engagement

The ESG Committee established the Group-wide Social Engagement Awards in 2022. All employees of Munich Re worldwide were invited to apply for the Social Engagement Awards by supporting a charitable project through their personal involvement with the aim of receiving part of the funding that Munich Re had made available for this purpose. Many colleagues from ERGO, reinsurance and MEAG became involved worldwide and submitted 114 projects in the areas of risk prevention, climate change, the environment, health, and education, as well as diversity and inclusion. Some of the 25 winning projects continued in 2023. The Social Engagement Awards clearly demonstrate that our staff members actively seek to participate in addressing social challenges.

As an organisation, we also support numerous social, cultural and ecological projects at our different sites through our corporate volunteering schemes, which are an integral part of our corporate culture. Many of the initiatives were conceived by our employees, who continue to drive them forward. Employee voluntary work is supported in many ways. For example, employees at Munich Re in Munich can take up to two days of special leave if they devote part of their private time to volunteering projects. In addition, the voluntary work of our employees is supported by the Schinzler Foundation by providing grants for various projects.

>2,500

employees participating in corporate volunteering activities

At ERGO, employees across the Group were involved in good causes relating to climate protection and social projects in 2023, resulting in about 5,200 hours of employee volunteering. ERGO companies in several countries and numerous employees once again took part in the international ERGO Corporate Volunteering programmes. Various action days were held throughout the year. Tree planting campaigns, blood donation campaigns held on company premises, excursions with people in need of care, cooking events in soup kitchens and volunteer work with disadvantaged children are only a few examples.

Spotlight: Medialia programme from DKV Seguros

Medialia is a programme established by our health insurer in Spain, DKV Seguros, which has been promoting activities in support of sustainability and community involvement among insurance agents and brokers for 12 years.

There are three challenges to choose from: environment, responsible business and social topics. Each challenge offers different actions, and the most active agents and brokers can nominate the NGOs (in line with company requirements) that will benefit from a donation. If two or more actions in each challenge have been completed, the brokers and agents also obtain accreditation as an "insurance agent/broker committed to …" to show they are active in the Medialia programme.

In 2023, more than 700 agents and brokers became actively involved.

>700
active agents and brokers

Thanks to Medialia, FECOR (the Federation of Professional Organisations of Insurance Brokers and Brokers in Spain), highlighted DKV as the company "that most helps brokers to be sustainable in 2023".

In recent years, DKV Seguros has donated more than €70,000 to the Medialia programme and supported more than 60 NGOs. In addition, agents and brokers have organised more than 40 activities such as food or toy collections.

6.2 Foundations take on responsibility worldwide

Munich Re’s engagement is complemented by the work of our foundations:

- Munich Re Foundation
- Dr. Hans-Jürgen Schinzler Foundation
- ERGO Youth & Future Foundation
- DKV Seguros Integralia Foundation
- ERGO Hestia Integralia Foundation
- The American Modern Foundation

“From Knowledge to Action” – Take a look at our Munich Re Foundation

The Munich Re Foundation complements the sustainability agenda of Munich Re, focusing on climate risk and adaptation, climate change mitigation and inclusive insurance.

It strives to tackle pressing global challenges with the aim of improving people’s living conditions through better management of risks. It’s not just about developing solutions for people at risk, but also about utilising the wealth of knowledge within Munich Re for the benefit of society. The foundation is committed to working towards the achievement of the UN Sustainable Development Goals.

The foundation addresses pivotal elements within the risk management value chain. This includes a thorough understanding of risks and how to prevent them, and expands to cover risk transfer mechanisms for the benefit of vulnerable people and communities. In this way, it can actively contribute to the resilience and sustainability of the global community.

From generating and disseminating knowledge to fostering innovative solutions, promoting networks and providing direct support for local projects, the foundation’s approach is defined by active engagement. Collaboration with local, national, and international partners and networks is essential for the success of its work.

In 2023, a number of projects were successfully completed. The International Conference on Inclusive Insurance (ICII) 2023 was organised in Ghana in collaboration with the local regulatory authorities and insurance industry representatives. The annual ICII is the world’s largest gathering of insurance and development experts from the private and public sectors, academia and NGOs. The aim is to increase access to affordable insurance solutions in developing and emerging economies by creating a platform for knowledge exchange, networking and collaboration. The ICII 2023 was complemented by regional learning and training events.

The project “Strong roots, strong women” in Central Vietnam, the winner of the 2021 RISK Award from the Munich Re Foundation and the UNDRR (United Nations Office for Disaster Risk Reduction), improved the resilience of local communities to natural hazards through a

6.2 Foundations take on responsibility worldwide

combination of mangrove restoration, disaster risk reduction measures, and the development of eco-based livelihood opportunities. The project was specifically aimed at empowering women as important actors in disaster risk prevention.

Through the Resilient Agriculture Innovations for Nature (RAIN) Challenge, eight non-profit organisations and their innovative seed-level ideas were supported in Eastern Africa, with the goal of transforming agriculture to become nature-positive and resilient in the face of climate change.

In the Valles Cruceños region in Bolivia, the problem of water scarcity was addressed by setting up 14 fog collectors, which are now supplying three communities and one school with high-quality drinking water. This was complemented by capacity building and technical training on the responsible use of water and the conservation of water sources.

In the foundation's Climate Academy programme, run in partnership with the United Nations University, UNFCCC and IOM, an international group of experts developed and published policy recommendations for international and national policymakers on planning relocation due to climate change.

To raise awareness of the urgent need for climate action, the foundation supported educational programmes for school children and young adults and offered Dialogue Forums and other public events on climate change-related topics.

More details on these and other initiatives can be found on the Munich Re Foundation website.

7.

Good corporate governance

7.1 Code of conduct

> GRI 3-3, 2-23

How Munich Re is perceived by the public and our business partners depends on each and every one of our employees. We base our actions on the principles and values of our Code of Conduct to maintain the trust of our stakeholders and protect Munich Re's reputation. Conduct in compliance with the rules plays an important role in this context. Munich Re aims to comply with all applicable external requirements, especially those related to the operation of insurance and investment business, and to apply internal regulations mitigating material compliance risks in all its business activities.

Our Code of Conduct creates a Group-wide common understanding of the values that Munich Re regards as the foundation for its operations. The Code of Conduct addresses all employees within Munich Re and navigates us through the complexity of regulations and highlights our ethical principles. We completely revised our Code of Conduct, which was rolled out in 2023. It provides guidance and clarity, enabling employees to take decisions with integrity and reliability. It describes our standards, aimed at fair and reliable action, such as the handling of conflicts of interest, the prevention of corruption and bribery, compliance with antitrust law, observance of economic sanctions, preventive measures against money laundering and compliance with tax regulations. The revised Code of Conduct places a stronger focus on how we live up to our social and global responsibility with regards to sustainability and human rights, responsible leadership, our inclusive and diverse working environment, the creation of transparency and trust (a so-called speak-up culture) and whistleblower protection. Our Code of Conduct is available in Munich Re's most important working languages (English, German, French and Spanish).

All new employees are informed about the Code of Conduct and are obliged to demonstrate their knowledge of it by taking a mandatory online test or by undergoing face-to-face training. Employees regularly recertify their knowledge of the Code of Conduct every three years.

DVFA*: Munich Re's corporate governance again rated "excellent".

With its Scorecard for Corporate Governance, DVFA examined the companies listed on the DAX, MDAX and SDAX indices. In 2023, Munich Re again achieved the highest category with an "excellent" rating and was ranked first for the fourth time in a row.

*Deutsche Vereinigung für Finanzanalyse und Asset Management

7.2 Compliance governance

> GRI 2-26; 3-3; 205-1; 205-3

We understand compliance to mean complying with external and internal requirements (in particular the Code of Conduct) and basing our decisions and activities on these rules and regulations. Compliance is thus a central component of our business processes and enables us to meet our responsibilities and to live up to our standards of integrity.

Based on the above-mentioned Code of Conduct and other voluntary commitments to responsible action (e.g. the UN Global Compact), our employees commit to acting responsibly and with integrity. They are to make business decisions in accordance with the law, statutes and internal regulations, and avoid any conduct that could be detrimental to Munich Re. Our Board of Management and managers bear a particular responsibility for implementing compliance as an integral part of our business processes. They act as role models for their employees and have a duty of compliance with the external and internal requirements in their area of responsibility.

Compliance responsibility is embedded in our business activities (i.e. the first line of defence) and there is a solid compliance organisation with clearly assigned roles and responsibilities, along with adequate provision of independent, competent resources to enable the compliance function (i.e. the second line of defence) to operate effectively and efficiently.

The compliance organisation involves designing the structure of the compliance function, which includes determining the tasks, responsibilities and processes with regard to compliance measures and interfaces. Our compliance unit manages compliance activities through Group-wide standards and a network of regional and local compliance officers.

Compliance reports are submitted regularly (on a semi-annual basis or on an ad hoc basis, as appropriate) to the Board of Management and the Audit Committee of the Supervisory Board. The reporting includes, for example, information on significant compliance risks, risk mitigating measures, compliance-related violations and statements regarding the maturity of the Compliance Management System (CMS), as well as an overview of the adequacy and effectiveness of the procedures implemented to comply with external requirements.

Munich Re records both violations of internal and external requirements as compliance incidents. These incidents are an integral part of the above-mentioned reporting to the Boards of Management and Audit Committees of the Supervisory Boards of Munich Re companies. Serious violations of legal provisions or of relevant internal regulations at a Group company are reported on an ad hoc basis. Reporting also involves regularly communicating with supervisory authorities such as the Federal Financial Supervisory Authority (BaFin).

7.2 Compliance governance

The Compliance Management System (CMS) of Munich Re is described in the Solvency II Group Compliance Policy and sets out the methodological framework for the structured implementation of the early warning, risk control, advisory and monitoring functions.

Our CMS is based on three pillars

Prevent
- prevent violations of external and internal requirements by advising on and implementing norms, and communicating and providing training on material compliance risks;

Discover
- identify and manage material compliance risks, monitor defined frameworks and assess controls, and investigate, terminate and remediate potential violations that may occur despite having the appropriate measures in place;

Respond
- regularly report to the relevant bodies and continuously improve the CMS.

Our CMS is based on external standards, such as ISO 19600 and IDW 980 of the German Institute of Auditors and has been carefully tailored to the specifics of our Group. The internal audit function performs audits on the CMS and its elements throughout the Group.

Compliance culture

Our compliance culture serves as the basis of our business activities and reflects the ethical principles that inform our decisions and behaviour as described in our Code of Conduct – the central standard for the conduct of all employees. As stated in our Code of Conduct, employees of Munich Re have the responsibility to speak up when decisions or actions fail to meet our standards, and to prevent, discover and respond to potential violations of the Code of Conduct by reporting actual or suspected behaviour or misconduct. All violations known to us are thoroughly investigated and sanctioned within legally permissible limits. The willingness to adequately investigate and sanction violations manifests the strength of our compliance culture, which embraces all CMS instruments. Our compliance culture is also supported by regular tone-from-the-top activities, which are part of the multi-year bonus scheme for the Board of Management at Munich Re.

Prevention

The advisory function responds to enquiries on compliance issues from employees, provides advice in individual cases, makes general recommendations, and gives recommendations to management, executives and employees on how to assess and mitigate compliance risks. It also describes how to appropriately prevent and respond to any external or internal breaches of rules.

7.2 Compliance governance

Munich Re attaches great importance to providing high-quality client advice. At ERGO this is reflected, for example, in its accession in 2012 to the Code of Conduct issued by the German Insurance Association (GDV) for the sale of insurance products. This Code obliges the signatory insurers and their brokers to not only comply with high standards of advice and brokerage, but to also have this compliance regularly checked by independent auditors. In 2023, for the fifth time, KPMG confirmed that ERGO was implementing the provisions of the Code effectively.

Communication and training throughout the Group are aimed at raising awareness of compliance risks and dealing with them safely. Both are carried out in a target group-oriented manner and adapted to the requirements of the individual domestic and foreign Group companies and their business models. All employees and managers are requested to attend regular training courses on the Code of Conduct or on selected compliance topics (such as preventing corruption, complying with antitrust law or data protection requirements), either in person or online in computer-based learning programmes. Mandatory tests, particularly in online formats, help ensure that the learning content is permanently embedded. Training courses are also geared to local requirements.

In addition, special training courses have been developed to sensitise employees to the increasing significance of greenwashing risks. These are offered and carried out at regular intervals throughout the Group.

Detection

The assessment of compliance risks includes their systematic identification, analysis, and mitigation. This process is based on a Group-wide coordinated methodology for identifying, assessing and documenting risks. Material compliance risks in the Group and the corresponding risk mitigation measures are analysed at least once a year and reported to the Board of Management. Focus risk areas include data protection, financial sanctions, antitrust law, use of external staff, money laundering, sales compliance, corruption/bribery and ESG. Material risk areas are embedded in the Group's risk and compliance management. The management of legal changes is part of the risk assessment. This allows us to evaluate the possible effect of legal changes to the Company processes in a timely manner. A particular focus in this regard in 2023 was assessing and implementing new ESG-related requirements, such as the German Supply Chain Due Diligence Act.

The monitoring process assesses whether the measures used to mitigate material compliance risks are appropriate and effective. Among other activities, monitoring includes conducting reviews of the defined framework concepts and an assessment of the design and effectiveness of controls.

Internal investigations are carried out by the compliance function if there is a suspicion or allegation of unlawful acts and/or misconduct within the Company. We have established a comprehensive whistleblower system for the communication of suspicious activity reports.

Response

The CMS and its measures are continuously improved. This means that the CMS is regularly reviewed based on the results of risk assessments, monitoring, and other relevant information from the various departments (e.g. audit reports, legal changes, organisational changes, etc.), and adjusted as required. For this purpose, the maturity of the CMS is assessed annually using quantitative and qualitative queries. The process includes the monitoring of participation rates in the mandatory online tests on compliance. It also covers the number of whistleblowing reports and other allegations received, as well as the number, topic areas, and severity of identified compliance violations.

Selected compliance programmes

We have set up programmes to mitigate compliance risks that are relevant for the entire Group in respect of corruption and bribery, financial and economic sanctions, money laundering and antitrust law, sales compliance and data protection. Monitoring the implementation of these programmes is the responsibility of the respective local compliance organisation.

Munich Re resolutely counters the risk of white-collar crime and corruption with various measures that include mandatory online tests, appropriate separation of functions and duties and the principle of dual control, in particular when signing contracts and making payments. In reinsurance and at ERGO, an anti-corruption agreement/anti-corruption clause must be concluded with suppliers or service providers irrespective of the order value. A regularly updated guideline on the prevention of corruption and bribery, including the avoidance of conflicts of interest, and covering gifts and hospitality, sets minimum standards for the Group. Legal regulations in other relevant countries, such as the Foreign Corrupt Practices Act (FCPA) in the USA, and the Bribery Act in the United Kingdom, are also considered.

Munich Re is also committed to fight against money laundering and terrorist financing. The companies affected by relevant anti-money laundering laws are organised accordingly, and anti-money laundering (reporting) officers and deputies have been appointed where required. They have their own anti-money laundering guidelines to prevent money laundering or terrorist financing. The identification of customers, service providers and suppliers follows the “know-your-customer” principle and is embedded in appropriate due diligence checks. The “know-your-customer” principle requires a transparent and documented selection process for service providers and suppliers and the conduct of due diligence with business partners who act on behalf of Munich Re.

Incident reporting

Whistleblowing portal

Munich Re provides a secure online Whistleblowing portal on which its employees, clients, suppliers, and other business partners can report potential compliance violations. Relevant information can be passed on safely, confidentially and anonymously if preferred, worldwide and around the clock. Once information is received, it is passed on to the compliance function for further processing. Here too, confidentiality is a top priority.

Whistleblowers (both internal and external) may access the online Whistleblowing portal via the Munich Re website and via the intranet (internal whistleblowers only). They have the option of setting up a protected mailbox in the online portal, using an alias/username and password that they can select themselves. In this way, the whistleblower can exchange messages and files safely and anonymously with Group Compliance and Legal or the responsible local compliance organisations. The mailbox and data are stored solely on the whistleblower system and are protected against third-party access using individual encryption. The process does not involve standard email communication. Only the authorised recipient in the compliance functions can access the data to clarify whether a whistleblowing report is plausible and, if necessary, to initiate an investigation of the matter. Depending on the individual case, appropriate action is taken if a violation is proven.

Munich Re does not tolerate any retaliation against a person who, in good faith, reports possible violations of the law, the Code of Conduct, or other company policies, or who asks questions about ongoing or proposed conduct.

The portal can be used to report potential violations including those related to corruption, financial sanctions, fraud, antitrust, regulatory requirements, money laundering, tax compliance, sales compliance, insider trading, and data protection, as well as those related to ESG, including human rights, gender discrimination, sexual harassment, diversity, or violations of the principle of equal treatment.

The functionality of the anonymity process in the Munich Re compliance Whistleblowing portal is externally certified to ISO 27001.

Munich Re's Whistleblowing portal complies with the current legal requirements of the EU Whistleblowing Directive (No. 2019/1937).

Ombudsman

Employees may also report possible violations to Munich Re's external ombudsman. Anyone may approach the ombudsman in confidence if they suspect inappropriate conduct. As an external and independent contact, the ombudsman gives whistleblowers an additional option (besides reporting to their superiors, Group Compliance and Legal, the responsible local compliance organisations, and/or via the Whistleblowing portal) for reporting potential violations confidentially and, if necessary, anonymously. The ombudsman informs Group Compliance and Legal about the content of any allegation while maintaining confidentiality and, if requested, anonymity.

Compliance incidents in 2023

In 2023, 497 allegations of potential misconduct were received through the various channels at Munich Re. All allegations were carefully and impartially investigated, while maintaining the anonymity of the whistleblower where requested.

More detailed information on allegations and violations can be found in the following tables. No violations with material financial impact or systematic weaknesses were identified.

For information on possible violations of data protection requirements, please refer to ↘ Data privacy and information security.

7.2 Compliance governance

Allegations of possible misconduct and violations

	Number 2023	Number prev. year	Share 2023	Share prev. year	Change %
Total	**497**	**443**	**100**	**100**	**12.2**
Non-confirmed violations	170	109	34.2	24.6	56.0
Ongoing investigations	156	202	31.4	45.6	-22.8
Confirmed violations	171	132	34.4	29.8	29.5
thereof violations of purely internal requirements	55	39	32.2	29.5	41.0
thereof violations of external requirements	116	93	67.8	70.5	24.7

Confirmed violations of external requirements

	Number 2023	Number prev. year	Share 2023	Share prev. year	Change %
Total	**116**	**93**	**100**	**100**	**24.7**
Regulatory requirements	46	15	39.7	16.1	206.7
Tax law	7	6	6.0	6.5	16.7
Offences to the detriment of third parties or the Company	29	29	25.0	31.2	0.0
Sales or product-related requirements	29	36	25.0	38.7	-19.4
Human resources	5	6	4.3	6.5	-16.7
Unfair competition and antitrust law	0	1	0.0	1.1	-100
Money laundering	0	0	0.0	0.0	–
Financial sanctions	0	0	0.0	0.0	–
Human rights or other ESG aspects	0	0	0.0	0.0	–
Insider trading and market manipulation	0	0	0.0	0.0	–
Corruption	0	0	0.0	0.0	–

Of the total of 116 confirmed violations of external requirements, a total of 35 were sanctioned with disciplinary action.
The findings from our investigations of suspected and actual compliance violations are used to continually improve the CMS.

7.3 Procurement

> GRI 2-6; 3-3; 308-1; 414-1

Our responsible corporate governance extends beyond our core business to our procurement activities. As a global organisation, Munich Re procures many different goods and services throughout the world. The benchmark for our procurement decisions is best total value in terms of quality, time and cost criteria, while at the same time adhering to our compliance standards and thus accomplishing corporate responsibility across our core business. Environmental, social and governance aspects, as well as good management practices, therefore play an important role in our procurement of goods and services. In reinsurance we summarised these factors in our guiding procurement principles document.

As part of the implementation of the German Supply Chain Due Diligence Act (GSCDDA), Munich Re introduced a Group-wide Supplier Code of Conduct at the beginning of 2023, which refers to the 10 principles of the United Nations Global Compact (UNGC) as an integral component, but also includes other aspects and additional aspirations. It is designed to help ensure that our third-party suppliers comply with our minimum ESG standards and criteria as a baseline for our business relationships. To further meet the requirements of the GSCDDA, a dedicated e-learning programme for employees was launched in 2023 and a supplier-related ESG risk management system is in the process of being implemented.

Adherence to the Supplier Code of Conduct and the UNGC principles is formalised in our procurement contracts with a dedicated Corporate Responsibility (CR) clause, which we aim to implement in most of our procurement contracts. Further details on the inclusion of the CR clause in our procurement policies can be found in our Procurement Excerpt. As part of our risk management system, we also screen our supplier base for infringements of ESG standards. Should an infringement occur during the contract term, we will actively seek dialogue with our contracting parties to remedy any deviations from our guidelines. Should this prove unsuccessful, Munich Re reserves the right of extraordinary termination for good cause.

In 2020, we went live with our global core model for digital supplier management in reinsurance, starting with our Munich headquarters, and followed by the US, the UK and Canada. In future, the reinsurance core model will be extended to the Asia Pacific region and rolled out worldwide. The procurement department of ERGO works with the same cloud-based eProcurement platform and, since 2020, all purchasing processes were progressively implemented via this platform. After the initial rollout in Germany, further ERGO affiliates, such as DKV Belgium and Technology & Services hubs in India and Poland, were included. The rollouts mentioned above will be completed in the near future and further ERGO affiliates will adopt this platform. These systems enable us to improve the accessibility, acceptance and documentation of the Munich Re Supplier Code of Conduct, as well as the CR clause and the integration of our contractual standards in general across our global supply base.

7.4 Human rights

> GRI 2-23; 2-26; 3-3

At Munich Re, our business model is based on responsible, sustainable, and forward-looking action over the long term. The protection of human rights is a particular obligation we strive to meet in line with internationally accepted human rights principles. It is part and parcel of our approach to corporate governance, which embeds economic, environmental, and social requirements into our definition of success. The Board of Management has confirmed this commitment by issuing Munich Re's Declaration of Principles on Respecting and Protecting Human Rights. The Declaration is our public commitment to respect human rights. It also contains information about our human rights due diligence process and risk management, with details of the responsibilities within the Group, and the expectations we set for our employees and suppliers.

Commitments

In addition, we substantiate our understanding of responsibility for human rights by committing to the following international guidelines and standards:

- **The International Bill of Human Rights**, which consists of the:
  - Universal Declaration of Human Rights
  - International Covenant on Civil and Political Rights
  - International Covenant on Economic, Social and Cultural Rights

7.4 Human rights

The International Bill of Human Rights consists of the core human rights treaties of the United Nations that function to advance the fundamental freedoms and to protect the basic human rights of all people. The Bill influences the decisions and actions of Government, State and Non-State actors to make economic, social, and cultural rights a top priority in the formation and implementation of national, regional, and international policy and law.

- ILO (International Labour Organisation) Declaration on Fundamental Principles and Rights at Work, which is an expression of commitment by governments, employers' and workers' organisations to uphold basic human values.
- United Nations Guiding Principles on Business and Human Rights. The 31 principles of the UNGPs are divided into three pillars – protect, respect, and remedy – which set out the duty of states and the responsibility of business to protect human rights and provide effective access to remedies for corporate human rights abuses.
- The 10 Principles of the UN Global Compact, which take into account the fundamental responsibilities of business in the areas of human rights, labour, environment and anti-corruption.
- Principles for Sustainable Insurance (PSI), which is a global framework for the insurance industry to address environmental, social and governance risks and opportunities.
- Principles for Responsible Investment (PRI), which offer a range of possible actions for incorporating ESG issues into investment practice.

Munich Re respects all types of human rights as specified in these international standards. The commitments were approved by the Board of Management. For this reason, we have implemented a due diligence process that aims to cover all the components set out in the guidelines we commit to.

With our due diligence processes to prevent and mitigate human rights abuses, we strive to comply with the requirements of these standards and guidelines, as well as with the requirements of the German Supply Chain Due Diligence Act (GSCDDA).

We have defined the following human rights, which we expect our employees and suppliers to respect as essential for our Group:

- **The right to healthy, safe and dignified working conditions**, which includes the prohibition of the worst forms of child labour, as well as forced labour, modern slavery and human trafficking (including ensuring the freedom of movement of migrant workers), the right to the payment of a living wage, the right to equal pay for equal work, a limit on working hours, the right to health and safety at work, as well as the prohibition of disrespect for freedom of association.
- **The right to equality and non-discrimination** requires no tolerance of discrimination on the grounds of disability, age, gender, ethnic origin, nationality, sexual identity, political views, race, religion, or similar aspects, no sexual or other personal harassment, and no offensive behaviour. Further, we do not tolerate socially inappropriate behaviour, intimidation, violence, or the threat of violence.
- **The right to adequate living conditions** protects the habitats of local communities and/or indigenous peoples and seeks to shelter them from environmental hazards as well as prevent or reduce the negative health impacts of such hazards.

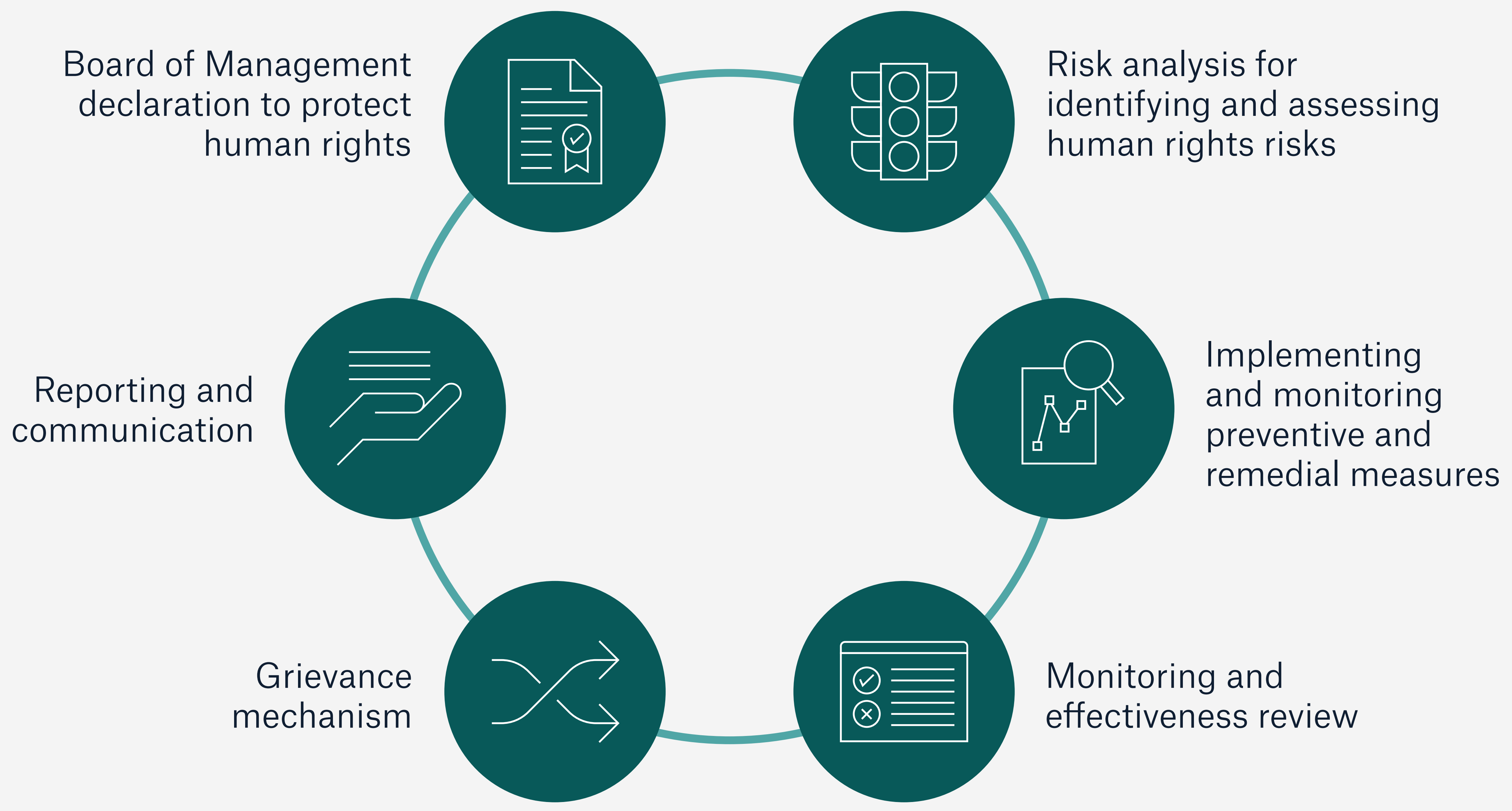
We aim to consider particularly vulnerable groups in the protection of human rights, such as indigenous people and local communities, children, third-party employees and migrant workers, as well as women and girls – and all others who are potentially affected by discrimination.

7.4 Human rights

Due diligence and risk management

Our goal is to prevent or mitigate potentially adverse impacts of our business on human rights compliance. To allow it to meet its due diligence obligations, Munich Re has therefore established processes for identifying risks of infringement of human rights and for addressing them with appropriate measures. The following four dimensions were defined: employees, procurement, our core business of insurance and reinsurance, and investments. For each of these dimensions, we have introduced mechanisms to guide our decision-making on human rights. This enables us to minimise, as far as possible, risks related to human rights violations. These processes are reviewed at regular intervals and adjusted if necessary.

Human rights due diligence process



Our corporate due diligence requirements are set out in various guidelines, codes, and work instructions, which we strengthened in 2023 with the help of a structured risk analysis.

In 2022, Munich Re adopted an overall guideline on respecting human rights in our core business, which was introduced and implemented in all units affected by the legal requirements of the GSCDDA in the 2023 financial year. The guideline sets out the basic human rights compliance requirements for employees and suppliers across the Group and defines how we address human rights risks in our business operations. With the standards established in the guideline, we aim to fulfil our duty of care, and work to ensure that human rights are respected by all companies within our Group. In accordance with the requirements of the GSCDDA, this also includes the appointment of human rights officers for Munich Re and ERGO.

7.4 Human rights

Identifying and assessing human rights risks and their impact

Using structured risk analysis, we check which business units or activities could be prone to an increased risk of human rights violations or environmental harm. In all four dimensions (employees, procurement, insurance and reinsurance, and investment), processes were implemented during the 2023 financial year to improve the existing processes for identifying risks of human rights violations.

In addition, risk analyses are carried out on an ad hoc basis in response to significant changes in the risk situation, such as expansions into new business areas or product offerings, or if we become aware of relevant breaches of duty on the part of our indirect suppliers. The risk analysis is based on a country and sector list that we compile and regularly update, drawing on a range of databases to do so. We also use this to screen new and existing business relationships and, if necessary, initiate preventive or remedial measures.

Furthermore, we aim to reject any business with and investment in companies that are involved in confirmed and substantial human rights violations. For this purpose, a list of companies with which we want to exclude business has been developed in a multi-stage process based on information from external data providers. This list is regularly reviewed, updated and adopted as part of our ESG governance. We began applying these policies to our investments, to procurement and to single-risk business in primary insurance and facultative reinsurance in the course of 2023.

Implementing measures to prevent or mitigate human rights violations

With our risk analysis approach, we focus on the following four risk areas:

Employees

As an employer, we are committed to complying with international human rights standards and creating adequate working conditions for our staff. An annual risk analysis and assessment was therefore introduced in the 2023 financial year to identify human rights risks within the company's own workforce. Potential risks are assessed and, if necessary, measures are taken to avoid them. The risk analysis takes place once a year or on an ad hoc basis if there are significant changes.

Furthermore, our Code of Conduct for employees defines the standards for respecting human rights. For further information on how we respect our employees' human rights, such as diversity, equity, inclusion, and others, please refer to the ↘ Employees section of this report.

Procurement

In our procurement decisions and activities, we adhere to compliance principles and thus assume corporate responsibility in our core business. ESG criteria play an important role for us in the procurement of goods and services. To strengthen our due diligence approach, we published a Code of Conduct for Suppliers at the beginning of 2023 that defines core principles for the protection of human rights and the environment.

With the current introduction of a structured and continuous risk analysis process, we endeavour to be able to identify potential human rights violations even better in the future and reduce or avoid them accordingly. Substantial cases are discussed in dialogue with the responsible parties and remedial measures are taken where necessary. Furthermore, we endeavour to include a Corporate Responsibility (CR) clause in most procurement contracts. Among other things, the purpose of this CR clause is to contractually stipulate the human rights-related requirements of Munich Re for suppliers and, if necessary, to have rights of withdrawal, audit and special cancellation. We expect our suppliers to comply with the CR clause. Please refer to the ↘ Procurement section of this report for more details.

7.4 Human rights

Insurance

Munich Re has clearly defined in underwriting guidelines how underwriters should deal with ESG risks in insurance transactions. To support underwriters in identifying risks from human rights violations, a strengthened due diligence process was developed as an enhancement of the existing guidelines and implemented in the third quarter of 2023.

Hence, in addition to considering the exclusion of companies with confirmed and substantial human rights violations as described above, in 2023 we also incorporated an enhanced due diligence for certain large commercial business customers into our underwriting guidelines for single-risk business in primary insurance and direct and facultative (re)insurance. This focuses on customer groups that, depending on geography and industry sector, are subject to an increased risk of human rights violations due to structural circumstances.

If significant reputational risks or human rights risks are identified in this context during the underwriting process, the underwriting guidelines stipulate an enhanced diligence. In case of a critical evaluation, the risk must either be avoided, or submitted to the relevant Reputational Risk Committee before acceptance.

Investment

We take a responsible investment approach based on the Principles for Responsible Investment (PRI) and our Responsible Investment Guidelines (RIG).

Within the framework of responsible investment, bonds from sovereigns, sub-sovereigns and government agencies with an MSCI ESG Rating of "CCC" are generally excluded. Such bonds exhibit high socio-economic and political risks, as well as risks related to their use of natural resources. Among other aspects, the MSCI ESG Ratings take human rights into account.

In addition, we exclude bonds in the above asset classes if there are extreme risks based on a further specific human rights country rating. In the event of high risks, the portfolios of affected investments are monitored.

Furthermore, an exclusion list of companies with confirmed and substantial human rights violations is applied in the investment process.

This means that the exclusion lists of companies and bonds issued by sovereigns, sub-sovereigns and government agencies are binding for all our asset managers. In the case of high risks, the portfolios of affected investments are monitored by GIM and submitted to the ESG Investment Committee.

In the area of direct alternative investments, particularly in the asset classes of infrastructure, forestry and agricultural investments and buildings in the direct portfolio, the consideration of human rights aspects has also been integrated into the due diligence process.

Preventive and remedial measures

We maintain a list of companies with which, due to confirmed and substantial human rights violations, we choose, to the best of our knowledge, not to do business. The list is reviewed and updated at regular intervals.

In the event of rising risks or concrete evidence of potential human rights violations that are either revealed in the course of our monitoring or supplied to us via our whistleblowing channels, we carefully review the facts, enter into dialogue with the parties concerned if necessary, and initiate the preventive or remedial measures needed to avoid, end or mitigate the violation in question. In line with governance processes, corporate bodies responsible for assessing ESG risks are involved in the decision, depending on the extent of the breach. These are the Reputational Risk Committee and the ESG Management Team as a working committee of the ESG Committee.

7.4 Human rights

Whistleblowing management system

Human rights-related risks and breaches of human rights-related duties can also be reported using the Munich Re Whistleblowing portal. Whistleblowers can access the portal via our intranet or the publicly available Munich Re websites. Accordingly, relevant information can be shared securely, confidentially and, on request, anonymously – globally and around the clock. Evidence of potential human rights violations that reaches us via other channels (e.g. email) is handled following the same principles and processes.

All information received is handled in keeping with the risk management process described above and in collaboration with the respective department. Every reported case of potential misconduct is carefully reviewed and, if necessary, confirmed violations are duly punished. When human rights violations within our remit are brought to our attention, we enter into a dialogue with the parties in question and pursue remedial measures. More information on our Whistleblowing portal can be found in the ↘ Compliance governance section of this report.

Reporting and communication

The following documents detail how Munich Re abides by its responsibility for human rights:

- our Sustainability Report,
- our Combined non-financial statement,
- our annual UN Global Compact Communication on Progress (CoP), and
- our report on the Principles for Responsible Investment (PRI).

In addition, in line with international regulations, an annual statement signed by the Board of Management on the UK Modern Slavery Act has been published each year since 2017 and a statement on the Australian Modern Slavery Act each year since 2021.

We will also be reporting for the first time in 2024 in accordance with the regulations and requirements of the GSCDDA for the 2023 financial year. This includes reporting to the Board of Management on an annual basis at least.

Continuous efforts to optimise our approach

Our goal is to continuously improve our compliance-related processes and expand our risk assessment.

A Group guideline that was initiated at the end of 2022, regulating the necessary processes, measures, and responsibilities for the implementation of the GSCDDA, was rolled out completely in 2023. With this guideline, we created a set of regulations for our suppliers and employees that defines our expectations on respecting human rights and upholding environmental standards.

By implementing these measures, we strive to fulfil the requirements of the GSCDDA.

7.5 Data privacy and information security

> GRI 3-3

Munich Re handles an enormous amount of data in the course of its business activities. With increasing digitalisation, many business processes involve the processing of confidential and personal data, a subject that is of particular concern for us, not least because information security and data privacy are the basis of trust in business relationships and play a key role in safeguarding our reputation. We also have to manage an ever-increasing volume of information and data.

If we are to be treated as a competent and trusted partner, it is therefore essential for us to protect the personal data of our staff members, clients and stakeholders, while safeguarding both our own and our sales partners' trade secrets and corporate information. For this reason, Munich Re has implemented data privacy and information security management systems in its fields of business. Each system takes into account the particularities of the respective field, and includes rules, processes and measures to systematically monitor and control how confidential data and personal data are handled. The Group-wide Code of Conduct and various business unit-specific standards contain binding regulations for all employees and are intended as a uniform approach to data protection and information security.

As described in our Code of Conduct, violations of internal or external rules and regulations relating to data protection and privacy – like any other area – may have severe consequences for Munich Re, our Group, our employees and our business partners. Munich Re takes any indication of potential misconduct or compliance violations very seriously, and carefully and impartially investigates any suspicions. Depending on the individual case, appropriate action is taken if a violation is proven.

In 2023, no material data protection events as defined in the Solvency II Group Compliance Policy occurred anywhere in our Group worldwide, nor were any material proceedings for breach of data protection regulations initiated. Despite this, Munich Re is also confronted with cyber attacks, which threaten the confidentiality, integrity, and availability of our information and business processes. As a result, measures that both prevent such attacks and facilitate their identification are being continually improved, particularly for data protection purposes. We are also optimising the systematic management of any such incidents by our incident response process, based on a defined and structured response cycle, with regular testing of responses through tabletop exercises and adversary emulation. After identifying significant incidents and significant findings from our tests, lessons learned sessions are conducted with participants to learn from the results and to initiate countermeasures for the future.

7.5 Data privacy and information security

Like many other companies, Munich Re monitors geopolitical developments very carefully to allow us to respond to changes in the specific threat situation at an early stage.

Data privacy

In the area of data privacy, compliance with national and international regulatory requirements, such as the EU General Data Protection Regulation (GDPR), forms the basis for our management approach and its further development. In addition, data privacy management systems have been implemented in the individual business units to manage and control the handling of personal data. These systems support our systematic planning, implementation, and continuous monitoring of measures to comply with data protection requirements. They include the following elements:

- Transparency (e.g. privacy statements on our websites, including information on the purposes of data processing, data subject rights such as data access, data erasure and the right to data portability, as well as the length of time data is kept).
- Processes for the exercise of data subject rights, the handling of complaints, and a rapid response in the event of a data protection incident (as part of the Group-wide security incident management process).
- Data privacy standards for third-party processors, including previous checks on technical and organisational measures and the conclusion of agreements with data protection clauses as part of our third-party risk management within the procurement process. Third-party processors are also contractually required to impose these standards on sub-processors.
- Regular training of employees: web-based data privacy training is mandatory for employees after hiring and at regular intervals thereafter. This is supplemented by classroom training for selected risk-based employee groups and by awareness-creating measures (for instance on the intranet). Third-party processors are contractually obliged to make their staff aware of the applicable data privacy rules, to conduct regular training, and to implement awareness-raising measures.
- Privacy by design and by default in our solutions and IT-supported business processes as part of our internal assessment processes (e.g. Risk Assessment and Control Evaluation process). This also includes adequate access control to our systems and applications according to the need-to-know principle.
- Documentation (e.g. in registers of processing activities, data breaches, requests, and substantiated complaints).

We follow a continuous monitoring process and the approach is rounded off by regular global topic audits on data privacy conducted by internal auditors. In addition, the information on data privacy given in the Combined non-financial statement of Munich Re's 2023 financial statements was audited by external auditors.

For Group companies situated within the EU/EEA, policies and norms on data protection refer primarily to the GDPR. Based on the GDPR, Reinsurance, ERGO and MEAG have each created a data protection policy for their activities in the EU/EEA to provide a consistent, mandatory level of data protection across these fields of business. In our reinsurance business and at MEAG, binding corporate rules on data protection apply for our intra-Group data sharing with companies situated outside the EU/EEA, thus ensuring an appropriate level of data protection at our locations worldwide since 2006. In 2023, we implemented an updated version of these binding corporate rules that was newly approved by the competent data protection supervisory authority. Munich Re additionally introduced a new Supplier Code of Conduct at the beginning of 2023, which also includes data privacy standards for our suppliers, service providers, and clients.

7.5 Data privacy and information security

Data protection officers have been appointed where required for reinsurance, ERGO and MEAG to manage data protection issues. The Group-wide data protection organisation is coordinated centrally by Group Compliance and Legal. Data protection officers and experts work in their respective areas of responsibility to monitor compliance with data protection regulations and the legally permissible use of IT-supported data processing procedures. In addition, they advise the respective companies on their obligations under the relevant regulations, are available to employees as contacts for questions related to data protection, and are the first point of contact for the supervisory authorities. The Board of Management is informed at least once a year about significant data protection processes and the further development of the data protection management system at Munich Re.

Particularly complex and risky data protection concerns at Munich Re are handled by the Data Strategy and Governance department, which is overseen by the Compliance and Legal Division and serves as a centre of excellence. The department is available to Munich Re staff for any enquiries about data privacy or artificial intelligence.

To support transparency on data protection and information security risks and to fulfil its obligation to comply with data protection regulations, reinsurance submits IT-supported processing of personal data in advance to IT security and the respective data protection function as part of a defined process. As part of a privacy impact assessment, the process is also used to identify and control data processing operations that pose a high risk of violating the rights of individuals or of restricting their freedom. ERGO and MEAG also comply with their data protection accountability obligations under data protection law with the help of corresponding processes. In addition to the risk assessments already outlined in the context of data privacy, new IT-supported processing of data is also checked to determine whether this processing – depending on the protection requirements for the data processed – is designed in accordance with information security requirements. This data privacy and information security process is being continuously refined. In 2023, we introduced an overarching governance, risk and compliance platform in our reinsurance units under the mandate of our reinsurance IT and integrated the processes for data protection and information security into it. A further intention is to incorporate existing third-party risk management into the platform.

Risk Assessment and Control Evaluation (RACE) process – how we manage to comply with global data privacy and information security requirements.

When checking IT-supported business processes fast and efficiently, we consider:

- fact gathering: components, interfaces, and data flows;
- threat analysis: check legal, organisational, and technical controls;
- the maturity level methodology (check as much as necessary, and as little as possible);
- risk assessment and management decisions.

All reinsurance units under the mandate of our reinsurance IT must use the RACE process to meet data privacy and information security requirements globally.

7.5 Data privacy and information security

Information security

Our Group-wide framework on Information Security and Business Continuity Management defines binding objectives, minimum requirements, responsibilities, and processes. It specifies procedures for the protection of information and for maintaining business continuity for the entire Group. And it enables us to reduce security risks for our employees, information, systems, and our properties. The framework helps us realise our aim that information security and business continuity can fulfil contractual obligations to clients and meet reporting requirements in a constantly changing environment as well as in times of crisis.

Munich Re is steadily developing the range of tasks and processes associated with information protection as part of the Group Risk Management methodology. This includes regular procedures to scan for vulnerabilities, control effectiveness testing, and risk-based reviews. Additionally, we are constantly improving our Group Information Security Risk Management methodology to cover a range of new challenges. The increased digitalisation of our business processes, the transition to cloud-based solutions, the offer of cyber risk coverage through primary insurance and reinsurance, growing legal and regulatory requirements, and the constantly increasing number of potential threats in the digital domain are just some examples of new challenges covered in the cyber risk landscape. As a first and second line of defence, these changes are constantly monitored and evaluated by dedicated processes involving our IT and risk management experts.

The management of information security risks is the responsibility of the Group Chief Information Security Officer (CISO). It includes the definition, maintenance, and implementation of the information security strategy and is supported by our Group-wide Information Security and Business Continuity Management framework.

We consistently pursue the implementation of three protection goals in cyber security: the confidentiality, availability and integrity of our information. Requirements for this protection are driven by statutory and supervisory regulations and are an integral part of Munich Re's corporate strategy. Our goal is to make the level of protection of data and information risk-oriented in the context of the ongoing digitalisation of business processes. This is enabled by Group-wide programmes that map the most important facets of data and information security, as well as data privacy in subdisciplines known as cyber capabilities. These are regularly assessed using a maturity-oriented model with quantitative and qualitative criteria that are refined with business unit-specific measures in mind. The Capability Maturity Model Integration (CMMI) is a process and behaviour model developed by the Software Engineering Institute of Carnegie Mellon University as a process improvement methodology that allows projects, departments and organisations to monitor the maturity progress of their capabilities. The strategic approach of the methodology includes both results from the review of regulatory requirements and peer comparisons.

Munich Re staff are bound to secrecy on all company matters if it cannot be assumed that the information involved is already public. All information is for internal use only and must be handled confidentially unless it is expressly intended for external publication and has been classified as such. Munich Re has implemented Group-wide organisational processes and technical security measures to protect its confidential information.

In addition, Group employees must complete mandatory e-learning training on general information security content. Munich Re offers regular training sessions and other measures to heighten awareness of information security. Additionally, we have a clear escalation process in place, which employees can follow should they notice anything suspicious. These measures help support suitable protection for our confidential data against unauthorised access, as well as against malicious use, manipulation, or loss.

7.6 Digitalisation and cyber

> GRI 3-3

Digitalisation is key to a successful future for the insurance industry. It will further transform the industry's core business and influence our clients' requirements for specific risk transfer solutions, data, and cyber security. For Munich Re, it is crucial to secure the responsible use of digital technologies and to provide innovative solutions for our clients. Furthermore, digitalisation and the challenges it poses for employees in terms of data protection, information security and the responsible use of artificial intelligence (AI) continue to gain in importance. Transformation efforts towards digital and data-driven processes have also been significantly accelerated in many companies. Munich Re made digitalisation an integral part of its business strategy at an early stage and invests heavily in technology and the necessary training to develop its employees and experts. Advances in automation, digitalisation and individualisation will result in exciting new developments, but new risks will also arise, such as those inherent in artificial intelligence itself. Munich Re is actively addressing these risks and providing related solutions like aiSure, an insurance product for AI systems covering performance risks.

Responsible handling of artificial intelligence

The responsible application of digital progress is of core importance at Munich Re and the idea of responsible artificial intelligence is central to our actions. We support the development of ethical guidelines and engage in shaping the European AI regulation, which is expected to come into force in 2024. Munich Re has developed a human rights-based responsible AI strategy in line with European Commission guidelines, which covers issues such as privacy, surveillance, discrimination, bias, unintended consequences, and misuse by bad actors.

Our strategy is based on the following ethical principles for trustworthy artificial intelligence:

- Respect for human autonomy
- Prevention of harm
- Fairness
- Explicability

We intend to use AI in sectors that promise added value for our clients or our employees. In this context, we rely on targeted applications with a clear connection to insurance, such as

- a risk assessment that is shorter and simpler for the applicant
- prompt claim review and payment
- insurability of new types of risk

When developing AI applications, we consider social and economic aspects. At the same time, we are guided by the legal, social, and cultural standards of the countries we operate in.

Social impact of AI – we promote exchange, protect against risks

AI will have repercussions on society that are impossible to fully predict today. For this reason, ethical guidelines for dealing with AI can only be developed in dialogue with national, European and international associations, with politicians and with academia. Our AI experts are members of various bodies, where they exchange information with other companies and draw up guidelines for dealing responsibly with AI technology. In addition, Munich Re is a shareholder in the German Research Center for Artificial Intelligence (DFKI), which seeks to strengthen cooperation between the world's leading representatives from the fields of industry, science and politics. Not only will this partnership help us develop best processes for our clients, it will also make the latest knowledge available to our employees and further research in this field.

Many social problems can potentially be solved with AI, for example in the fields of medicine and mobility. We want to take on the role of enabler for these AI technologies by assuming the residual risks emanating from AI decisions. However, an

important precondition for insurability is that specific standards are met in terms of quality, stability, non-discrimination, transparency, and comprehensibility. With this in mind, we aim to define standards for the evaluation of various AI algorithms with partners such as the DFKI and appliedAI.

Training our developers and employees

Empowering our employees through training is the basis for successful and responsible digitalisation and, accordingly, we support them throughout the transformation process. For example, to promote the digital readiness of our employees we have established a learning culture that focuses on Munich Re's digital priorities.

Our "Digital School" is the central, advanced training programme on digitalisation for all our employees in reinsurance. A wide variety of learning content and formats are offered on the platform, all of which enable self-initiated digital knowledge development.

In addition, Munich Re places special emphasis on the competent handling of data and algorithms through a global training initiative, featuring a data analytics curriculum available to reinsurance employees in the form of a multi-level digital qualification.

As part of the continuous improvement of our digitalisation processes, we implemented numerous measures in the reporting year. Employees receive regular training on the basics of the European General Data Protection Regulation (GDPR), binding internal data protection regulations (Binding Corporate Rules) and information security in the form of e-learning programmes. We also offer a training programme on responsible AI, which has been well received by the data analytics community.

Our e-learning programmes are also mandatory for new employees as part of the induction process. Additional division-specific online training courses were likewise offered in the reporting year. Furthermore, we offer target group-specific training for our developers, users, and managers, for example via our LinkedIn Learning page, the Data Analytics Curriculum, and the Cyber Expert Pool. You can find more information about the training programmes we offer in the ↘ Employees section.

Innovative solutions for a sustainable and resilient digital world

The increasing use of new technologies, self-learning machines, cloud computing, digital ecosystems, new communication standards like 5G, and our dependence on intelligent devices are all part of the global digital transformation of business and society. The number of devices online is set to increase to 125 billion by the year 2030. In virtually every sector, automated processes are delivering greater efficiency and higher productivity. At the same time, greater levels of interconnection are leading to new business models. Examples include successful sharing concepts and online platforms. There are auspicious opportunities for all industries. But new technologies also bring new vulnerabilities: promising, future-oriented opportunities can also entail inherent or hidden risks. Espionage, sabotage, data theft and losses from cyber attacks cost companies millions and are constantly increasing in frequency.

For these reasons, Munich Re offers a variety of products and solutions in both primary insurance and reinsurance that span everything from cyber risks to Internet of Things (IoT) solutions. To meet the challenges, Munich Re has over 130 experts on cyber in its reinsurance group.

Cyber risks

The results of our Global Cyber Risk and Insurance Survey show that there is a significant gap between being aware of risks in general and actively pushing for action. We help our clients to assess cyber risks more easily, understand them better, and identify the right response.

At Munich Re, our cyber (re)insurance knowledge and products put us in a position where we can fulfil our social role as a risk carrier as well as provide our clients with financial protection in the case of a cyber attack.

Our strategy is based on fully understanding cyber risks, assessing them adequately and making them insurable. We rely on close collaboration between experts from insurance and reinsurance, external partners and our cedants and clients. Our holistic risk transfer solutions, pre- and post-incident services and comprehensive know-how have kept us the market leader in this segment for many years and established our reputation as an exceptionally reliable partner. Munich Re offers comprehensive reinsurance solutions that go well beyond pure insurance coverage.

Learn more about solutions for cyber risks

AI solutions

Artificial intelligence systems present both enormous challenges and opportunities for businesses and entire industries. These include cyber threat prevention, fraud management, and new agriculture technologies. Examples of the potential advantages such systems offer include reduced costs, improved quality, and the potential to build new products and services.

However, there is also the risk that any given AI algorithm may not perform consistently, precisely enough, or even perform at all, which may lead to financial losses. Munich Re therefore also offers protection against the risk of poor AI system performance.

One example of this is Munich Re's partnership with the company Seismic AI, a provider of early warnings for earthquakes. Munich Re backs Seismic AI's false alert guarantee, which allows customers (commercial facilities or critical institutions such as hospitals) to receive compensation if they receive a (false) alert of an earthquake of a certain peak ground acceleration and such an alert triggers unnecessary preventive action (including potential business interruption).

Learn more about aiSure

The ultimate goal of trustworthy and reliable AI will also impact future ESG discussions across all ESG dimensions: "E" because of the increasing need for computational efficiency to achieve energy savings; "S" because bias and discrimination in data being used to train AI models is at the centre of political and public debate; and "G" because only a good AI governance will allow us to build safe, robust, non-biased and well-performing AI models.

7.7 Tax

> GRI 3-3; 207-1/-2

Munich Re's policy is to be a responsible Company and taxpayer. Due to the nature of our business, we are subject to a multitude of taxes, which arise in every country in which we operate. Munich Re adheres to applicable tax regulations at both national and international levels. We consider it a fundamental legal and social duty to declare the profits earned in our business for tax purposes in accordance with the law.

Compliance with applicable laws and internal rules and principles is binding for the employees of Munich Re. Compliance in general, and tax compliance in particular, are key components within our processes. Munich Re aims to operate as a law-abiding, transparent and responsible taxpayer. For that reason, we give absolute priority to meeting the tax obligations to which Munich Re is subject nationally and internationally.

The Board of Management has approved a policy on tax compliance that lays down standards and describes the fundamental components of the tax compliance management system we have in place. The policy applies directly to Munich Reinsurance Company, including its foreign branches.

All companies in the Group are obliged to apply a policy locally that has the same, or similar, content. Compliance with this requirement is checked annually. The policy on tax compliance sets out clear rules and responsibilities for tax management throughout the Group, and an internal escalation process is in place. Employees can report compliance breaches directly to the tax department or anonymously to the Whistleblowing portal. In Munich, reinsurance has an up-to-date tax compliance management system in place. This builds on a credible tax compliance culture, sets targets and establishes programmes as part of a continuous improvement process. The key elements of the Group-wide tax compliance policy can be found in our Tax Transparency Report, available from our download centre.

Locations outside Germany are chosen primarily based on business considerations. We are represented through subsidiaries or branches in all the world's main insurance hubs – for example in the USA, the UK, Switzerland, and Singapore. Tax rates at the foreign insurance locations are mostly lower than in Germany. Structures that we create have adequate economic substance and we do not enter into any transactions with the sole purpose of obtaining a tax advantage. In any event, there is full transparency both locally and in Germany vis-à-vis regulators and tax authorities, and we always act in conformity with applicable laws. Transactions with Group companies are at arm's length in accordance with OECD requirements. The essential content of our country-by-country reporting can be found in our public Tax Transparency Report.

7.8 Advocacy and political involvement

> GRI 2-28; 3-3

Advocacy

In the interest of our stakeholders, we contribute our knowledge and expertise to the political decision-making process. In doing so, we place an emphasis on fairness and transparency.

Our focus is on topic areas that affect our Group and our stakeholders and in which we possess particular expertise. This applies to areas such as climate protection, data security, and investment in infrastructure, where our corporate interests and business attitudes match the general societal interest.

We actively participate in industry organisations, including the German Insurance Association (GDV), the Geneva Association, the European Insurance Chief Finance Officers (CFO) Forum, the Chief Risk Officers (CRO) Forum, the Reinsurance Advisory Board (RAB) of Insurance Europe, the Global Reinsurance Forum (GRF) and the Pan-European Insurance Forum (PEIF). Joachim Wenning, Chief Executive Officer (CEO) of Munich Re, currently chairs PEIF. This forum aims to promote a better understanding and recognition of the role of the insurance sector in the European Union, while providing its members with the opportunity to discuss major policy and strategic issues affecting insurance business in Europe and worldwide.

The Public Affairs department within the central division Economics, Sustainability and Public Affairs, is responsible for representing Munich Re's interests vis-à-vis governments, national and supranational authorities, associations and other organisations. Drawing on in-house expertise, the Public Affairs department also coordinates our positioning within the Group based on internal committee discussions. Public Affairs furthermore promotes matters that are important for our Company and the sector as a whole. Through a dedicated body, the Group Lobbying Committee, we have established a regular, institutionalised Group-wide exchange on relevant topics and developments.

In 2023, the following topics were the focus of our advocacy activities:

Sustainable finance

We aim to contribute to the fulfilment of the Paris Agreement and are a member of the Net-Zero Asset Owner Alliance. Through our public engagement, we aim to foster the transition to a low-carbon and sustainable economy. Munich Re strongly supports the establishment of international sustainability standards and welcomes the work of the European Financial Reporting Advisory Group and the International Sustainability Standards Board to consolidate global work on the sustainability reporting framework. Consistent, high-quality reporting standards provide the basis for global harmonisation and create transparency and comparability on companies' business activities. In addition, further development of the standards should take into account the already high implementation and reporting burden on companies, and also include the interests of the target audience of sustainability reporting, focusing on information that is relevant for the reader.

Digitalisation and cyber

Munich Re supports the digital agenda of the German Federal Government and the European Commission. Our focus is on the creation of standardised framework conditions and legal security in Europe. We therefore also welcome regulatory projects such as the European Union's AI Act. We support the insurance industry's core concerns and demands in this regard: a narrow and more precise definition of AI, ensuring proportionate regulation, avoiding double regulation through a high-risk classification of insurance applications and clear guidelines for developers.

We regard cyber insurance as fundamental to economies and essential for a successful digitalisation process. Developments in this sector are monitored closely and we will continue to contribute to the appropriate handling of the associated opportunities and risks. Facilitating a sustainable and profitable cyber insurance market in cooperation with our clients is a high priority for us.

7.8 Advocacy and political involvement

Global Insurance Capital Standard (ICS)

Creating a global capital standard for insurance companies poses a major challenge for companies and supervisory authorities. The suitability of the ICS is being tested over a five-year monitoring period (2020–2024), a process in which we are participating. We continue to contribute to public consultations on the further development of ICS.

Trade barriers and market access issues

In many jurisdictions, trade barriers and market access issues restrict the free flow of reinsurance. Such barriers include restrictions on the ability of reinsurers to freely conduct business on a cross-border basis, requirements to collateralise or localise assets, the use of compulsory cessions to domestic entities, etc. Through our participation in reinsurance associations, we advocate for efficient, innovative, and competitive reinsurance markets worldwide.

Regulation of systemic risks

In late 2022, the Financial Stability Board (FSB) endorsed the Holistic Framework for systemic risk in the insurance sector as an effective basis for assessing and mitigating systemic risk, and simultaneously discontinued the former identification of Global Systemically Important Insurers (G-SIIs). Munich Re has never been identified as a G-SII. Traditional reinsurance and primary insurance activities are not systemically relevant.

Munich Re places particular importance on transparency in advocacy activities. Along with the information in the Sustainability Report, we provide details to the EU Transparency Register, as well as to the German and the Bavarian Lobby Register on focal points, memberships, and the cost of our lobbying activities. Since 2020, we have reported on these costs as part of a Group-wide survey. Further information can be found in the ↘ Key figures section.

7.8.2 Political involvement

> GRI 415-1

Munich Re supports the democratic political process and, to this end, donates to the following German political parties: Bündnis90/Die Grünen, CDU, CSU, FDP, and SPD. As defined in our Group Guidelines (e.g. for reinsurance companies: “Guidelines for Donations & Memberships”), contributions to political parties and organisations closely tied to them may be made by Munich Re (Munich) and ERGO Group AG only. They require the approval of the respective Board of Management. The five German political parties we support each receive an identical donation of €30,000 with no conditions attached. Munich Re and ERGO each pay one half of the expenditure. The donations are transferred exclusively to the parties’ federal headquarters.
In addition to the above donations, membership fees are paid to organisations closely affiliated with the parties. Munich Re does not engage in any form of political sponsorship. Since 2020, compliance with our Guidelines for Donations and Memberships has been monitored Group-wide as part of our annual monitoring process. Further information can be found in the ↘ Key figures section.

8.

Annex

8.1 About the report

> GRI 2-3; 2-5; 2-23; 3-1

Munich Re's business model is based on responsible corporate governance that reconciles economic, environmental and social requirements. To this end, we rely on transparency and take the requirements of our stakeholders into account. In our Sustainability Report, we describe the ways in which we embrace sustainability in our core activities.

Our annual Sustainability Report also provides a review of our fields of business reinsurance and primary insurance, as well as investment and asset management, with respect to the objectives we have defined, the measures we took in the past year, the challenges we faced and the progress we have achieved.

The measures and activities presented focus mainly on the period from 1 January 2023 to 31 December 2023. The key figures relate to the 2023 financial year (ending 31 December 2023). Ultimately, our Sustainability Report serves as a link to our standard financial reporting and the Combined non-financial statement (both published in March 2024), which provide greater detail about further non-financial quantitative aspects.

Our Sustainability Report 2023 was published on 10 April 2024 in English.

Further reporting

Munich Re's Annual Report provides our investors with detailed information on our corporate governance, management and financial matters. In addition, the Annual Report includes our Combined non-financial statement in accordance with Sections 289b and 315b of the German Commercial Code (HGB). It also meets the requirements of the European Non-Financial Reporting Directive (NFRD).

We also report on the use of proceeds from our issued green bonds in our Green Bond Allocation and Impact Report 2023.

Both the Combined non-financial statement as well as the Green Bond Allocation and Impact Report were audited with limited assurance by an external auditor.

Selected topics – qualitative and quantitative reporting

The purpose of our Sustainability Report is to give a comprehensive picture of our progress. Topics and content have therefore been chosen according to their significance for our business operations, their impact on environmental, economic and social factors, and their relevance for our stakeholders.

8.1 About the report

Verified indicators

Relevant quantitative sustainability-related data of the Group, verified by an external audit company, can be found in the Combined non-financial statement in the Annual Report.

Our voluntary commitments

The voluntary commitments we make to initiatives such as the UN Global Compact, the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI) form the framework of our sustainability strategy. Within the framework of the UN-convened Net-Zero Asset Owner Alliance, we are working towards ensuring that our investments are net zero by 2050.

GRI Standards and Global Compact "Communication on Progress" report

This report has been prepared with reference to the Global Reporting Initiative (GRI) standards 2021. The GRI indicators have been compiled in the GRI content index. In addition, the Sustainability Report and the GRI disclosure constitute the basis for our "Communication on Progress", as part of the UN Global Compact.

Terminology

Throughout this report, the Munich Re Group is referred to as "Munich Re" or "the Group", while "reinsurance" is used to refer to the reinsurance group. The reinsurance group includes the new Global Specialty Insurance (GSI) division, where various primary insurance businesses that are part of the reinsurance segment are managed together. Where "Munich Reinsurance Company" is mentioned, it refers to Münchener Rückversicherungs-Gesellschaft, Aktiengesellschaft in München.

Munich Re's primary insurance segment is either referred to as "ERGO" or "primary insurance".

Munich Re's primary asset manager, "MEAG" comprises

- MEAG MUNICH ERGO AssetManagement GmbH, which manages financial and real estate portfolios and renders investment advisory services only for companies belonging to the Munich Re Group.
- MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH, which is an investment company managing special and retail investment funds with a varied investment focus, and rendering individually tailored investment management services to non-US institutional investors that are not part of the Munich Re Group.

Munich Re's Group Investment Management unit on the asset owner side is referred to as "GIM".

Where the "Board of Management" is mentioned, this means the Board of Management of the Group, while certain bodies are specified separately (e.g. "Strategy Committee").

Further information can be found on our corporate website.

Where the term "Group-wide" is used, it indicates that more than 90% of the Group's employees are covered.

8.2 Key figures

At Munich Re, we place emphasis on transparency and on providing information to our respective stakeholders. This chapter provides detailed information on the development of our key indicators on environment, employees, our social commitment and our involvement in political decision-making processes.

Financial indicators

Find all information about our financial figures on our corporate website

Environmental indicators

> GRI 302-1/-4; 305-1/-5

Our Group Ambition 2025 takes into account the direct climate-related impact of greenhouse gas (GHG) emissions from the Group's own operations. Our targets and actions to lower our GHG emissions focus on reducing our consumption of energy and other resources, such as water and paper, avoiding waste, and reducing GHG emissions from our business travel.

We thus calculate the GHG footprint from our business activities by measuring the annual GHG emissions that result from our consumption of energy, paper, water, waste, and business travel. Any consumption data that was not available by the reporting date has been estimated. Measured consumption figures were extrapolated to 100% of Group staff with employment contracts at fully consolidated companies as at 31 December 2023. The resulting GHG emissions were calculated using internationally recognised methods and conversion factors as guides, for example those of the Greenhouse Gas Protocol and the International Energy Agency. A market-based approach is used to calculate the scope 2 emissions resulting from electricity consumption, allowing for the fact that, in 2023, 91% of our purchased electricity for all companies and sites included in quantitative reporting (covering 86% of staff) was generated from renewable sources and thus calculated as GHG emission-free.

Due to changes in financial reporting metrics, intensity figures for 2021 and 2022 were calculated based on gross premiums written, whereas intensity figures for 2023 have been calculated based on insurance revenue.

Sources of GHG emissions:

- Scope 1: Direct emissions from primary energy consumption (natural gas, fuel for emergency power, fuel for company cars)
- Scope 2: Indirect emissions from procured energy (electricity, district heating and district cooling)
- Scope 3: GHG emissions from upstream activities (water, waste, paper, travel excepting combustion from company cars) and GHG emissions from downstream activities (↘ absolute financed GHG emissions)

Externally quality assured environmental figures can be found in the non-financial statement in the Group Annual Report.

8.2 Key figures

General information	Unit	2023	2022	2021
Munich Re employees as at 31.12.	Number of employees	42,812	41,389	39,281
Insurance revenue Munich Re Group[1]	€bn	57.9	67,1	59.6
Proportion of employees captured by the environmental data collection	% employee	86	76	81
Scope of reporting audit in terms of proportion of employees covered	% employee	100	100	100
Proportion of employees captured by an environmental system certified to ISO 14001, 50001, EMAS	% employee	52	49	46
Total GHG emissions – own operations	Metric tonnes (t) CO_2e	69,913	79,705	73,289
	Metric tonnes (t) CO_2e/employee	1.63	1.93	1.87
GHG savings per employee since 2019	% (kg CO_2e)	34	22	25
GHG intensity[1]	Metric tonnes (t) CO_2e/€m insurance revenue	1.21	1.19	1.23

Scope 1	Unit	2023	2022	2021
Direct energy consumption in premises	MWh total	109,595	154,376	178,549
	MWh/employee	2.56	3.73	4.55
Road travel from company cars	Km total	79,945,460	79,423,015	71,723,191
	Km/employee	1,867	1,919	1,826
GHG emissions scope 1 (energy consumption in premises and road travel from company cars)	Metric tonnes (t) CO_2e total	33,093	43,664	47,598
	Metric tonnes (t) CO_2e/employee	0.77	1.05	1.21

Scope 2	Unit	2023	2022	2021
Indirect energy consumption	MWh total	141,322	159,321	168,922
	MWh/employee	3.30	3.85	4.30
GHG emissions scope 2 (market-based)	Metric tonnes (t) CO_2e	14,249	18,310	19,677
	Metric tonnes (t) CO_2e/employee	0.33	0.44	0.50
GHG emissions scope 2 (location-based)	Metric tonnes (t) CO_2e	38,157	41,770	47,751
	Metric tonnes (t) CO_2e/employee	0.89	1.01	1.22

8.2 Key figures

Scope 3	Unit	2023	2022	2021
GHG emissions from upstream activities (water, waste, paper, travel excepting combustion from company cars)	Metric tonnes (t) CO_2e	22,572	17,731	6,015
	Metric tonnes (t) CO_2e/employee	0.53	0.43	0.15
GHG emissions from downstream activities (↘ absolute financed GHG emissions)	Metric tonnes (t) CO_2e	3,016,864	3,113,093	3,963,799

Energy	Unit	2023	2022	2021
Total energy consumption (scope 1 and 2)	MWh total	250,917	313,698	347,471
	MWh/employee	5.86	7.58	8.85
Percentage of total electricity consumption from green electricity purchased	Share in %	91	90	92
GHG emissions from energy (scope 1 + scope 2 market-based)	Metric tonnes (t) CO_2e	47,342	61,974	67,275
	Metric tonnes (t) CO_2e/employee	1.11	1.50	1.71
Energy intensity[1]	MWh/€m insurance revenue	4.33	4.67	5.83

Energy consumption by type	Unit	2023	2022	2021
Liquid fuel for emergency power	MWh	872	1,069	927
Natural gas	MWh	108,722	153,307	177,622
Thereof natural gas for cogeneration	MWh	95,188	126,293	145,454
Total electricity consumption	MWh	95,108	102,313	96,452
Thereof electricity consumption from renewable sources	MWh	86,870	92,518	88,567
District cooling	MWh	4,283	5,371	4,481
District heating	MWh	41,931	51,638	67,989
Total energy consumption	MWh	250,917	313,698	347,471

Paper	Unit	2023	2022	2021
Paper consumption	Metric tonnes (t)	865	859	1,192
	Metric tonnes (t)/ employee	0.020	0.021	0.030
Recycled paper	Share in %	6	5	4
GHG emissions from paper	Metric tonnes (t) CO_2e	1,020	1,014	1,407
	Metric tonnes (t) CO_2e/employee	0.02	0.02	0.04
Paper intensity[1]	Metric tonnes (t)/ €m insurance revenue	0.01	0.01	0.02

8.2 Key figures

Water	Unit	2023	2022	2021
Water consumption	Cubic metres (m^3)	432,730	476,997	431,593
	Cubic metre (m^3)/employee	10.1	11.5	11.0
GHG emissions from water	Metric tonnes (t) CO_2e	304	335	303
	Metric tonnes (t) CO_2e/employee	0.01	0.01	0.01
Water intensity[1]	Cubic metres (m^3)/€m insurance revenue	7.48	7.11	7.24

Business trips	Unit	2023	2022	2021
Business travel (scope 1 + scope 3)	Kilometres (km)	265,818,542	214,742,918	96,737,797
	Kilometres (km)/ employee	6,209	5,188	2,463
Air travel	Kilometres (km)	164,436,312	118,220,053	18,471,098
Road and rail travel (incl. company cars and bus trips)	Kilometres (km)	101,277,681	96,522,865	78,266,699
GHG emissions from business travel (scope 1 + scope 3)	Metric tonnes (t) CO_2e	30,307	26,808	13,886
	Metric tonnes (t) CO_2e/employee	0.71	0.65	0.35
Business travel intensity[1]	Kilometres (km)/ €m insurance revenue	4,592	3,199	1,623

Waste	Unit	2023	2022	2021
Total waste generation	Metric tonnes (t)	4,971	5,240	5,416
	Metric tonnes (t)/ employee	0.12	0.13	0.14
Waste for incineration hazardous	Metric tonnes (t)	6.64	5.49	1.24
Waste for incineration non-hazardous	Metric tonnes (t)	769	870	1,114
Recycled waste hazardous	Metric tonnes (t)	36	66	35
Recycled waste non-hazardous	Metric tonnes (t)	2,666	2,834	2,963
Waste to landfill hazardous	Metric tonnes (t)	0	0	3
Waste to landfill non-hazardous	Metric tonnes (t)	192	171	197
Organic waste	Metric tonnes (t)	776	738	572
Other waste not specified	Metric tonnes (t)	518	553	428
Special waste treatment	Metric tonnes (t)	7.35	3.08	103.68
GHG emissions from waste	Metric tonnes (t) CO_2e	1,781	1,903	1,796
	Metric tonnes (t) CO_2e/employee	0.04	0.05	0.05
Waste intensity[1]	Metric tonnes (t)/ €m insurance revenue	0.09	0.08	0.09

[1] For the 2021 and 2022 financial years, gross premiums written instead of insurance revenue

8.2 Key figures

Staff indicators

> GRI 2-7; 2-30; 401-1; 404-1; 404-3; 405-1

		2023	2022	2021
Staff	(absolute)	42,812	41,389	39,281
Employees by field of business	Reinsurance	37.7%	36.8%	35.1%
	Primary insurance	62.3%	63.2%	64.9%
Group staff by region	Germany	44.1%	45.0%	46.9%
	Rest of Europe	32.9%	33.4%	33.1%
	North America	16.8%	16.4%	16.1%
	Asia and Australasia	5.3%	4.4%	3.1%
	Africa and Middle East	0.6%	0.5%	0.5%
	Latin America	0.3%	0.3%	0.3%
Percentage of female employees	Female employees	52.8%	52.5%	52.6%
	Women in managerial positions	39.5%	38.5%	37.8%

		2023	2022	2021
Group staff by age	20 or younger	0.2%	0.2%	0.2%
	21 – 25	4.1%	4.1%	3.9%
	26 – 30	9.5%	9.2%	8.6%
	31 – 35	11.5%	11.4%	11.4%
	36 – 40	13.3%	13.5%	13.7%
	41 – 45	13.5%	13.4%	13.7%
	46 – 50	13.1%	13.6%	14.1%
	51 – 55	14.9%	15.7%	16.2%
	56 – 60	13.7%	13.2%	12.8%
	over 60	6.2%	5.7%	5.4%
No. of staff by type of employment contract	Permanent employment	96.4%	96.2%	96.2%
	Temporary employment	3.6%	3.8%	3.8%

8.2 Key figures

		2023	2022	2021
Salaried employees	Full-time – female	39.3%	38.9%	38.2%
	Part-time – female	12.7%	13.6%	14.4%
	Total – female	52.0%	52.5%	52.6%
	Full-time – male	45.5%	45.1%	44.9%
	Part-time – male	2.5%	2.4%	2.5%
	Total – male	48.0%	47.5%	47.4%
	Full-time	84.8%	84.2%	83.4%
	Part-time	15.2%	15.8%	16.6%
Sickness rate		4.2%	4.5%	3.7%
Days' sick leave per employee		10.5	11.2	9.4
Employees with access to medical care (doctor, health insurance)[1]		95.9%	95.8%	82.2%
Employees with access to health services (e. g. vaccination, health check)[1]		92.9%	89.1%	75.0%

		2023	2022	2021
Staff turnover	Turnover rate	9.5%	10.3%	9.9%
	Voluntary fluctuation	4.8%	6.3%	5.6%
	Lay-offs (absolute)[6]	221	377	782
Open positions filled by internal candidates[2]		34.1%	34.6%	33.9%
Length of service	Years (Ø)	13.3	13.5	13.9
Further education[1]	Cost per employee (€)	920	858	757
	No. of training days per employee[1]	2.5	2.6	2.4
	No. of training hours per employee[1]	18.9	20.3	18.5
	Employees with at least one training[1]	94.2%	89.5%	95.1%
	Employees with at least one virtual training[1]	90.8%	85.8%	91.6%
	No. of virtual training days per employee[1]	1.1	1.4	1.1
	No. of virtual training hours per employee[1]	8.6	10.7	8.6

8.2 Key figures

		2023	2022	2021
Women's networks	Number	15	10	12
	Members	2,920	2,073	2,217
	Events	104	67	54
	Event participants	5,529	2,567	2,814
LGBTQIA+ networks	Number	4	4	4
	Members	570	470	409
	Events	17	16	20
	Event participants	818	524	2,178
Number of nationalities Munich Re Group		131	123	114
Employees with flexible working hours[1]		82%	82%	79%
Employees with access to mobile working[1]		97%	97%	90%
Employees with access to sabbatical or add. leave days[1]		70%	67%	67%

		2023	2022	2021
Employees with financial support for staff catering[1]		71%	69%	67%
Employees with access to childcare services[1]		26%	24%	14%
Employees receiving regular performance and career development reviews		92%	91%	72%
Employees covered by collective bargaining agreements[4]		99.3%	98.7%	98.8%
Pay ratio[5]		25	26	24
Employees with disabilities[3]		5.1%	5.1%	4.8%
Employees with company pension scheme		78%	80%	75%

Further staff indicators can be found in our factsheet.

Data coverage: ≥ 95%
[1] Data coverage: ≥ 90%
[2] Data coverage: ≥ 85%
[3] Data coverage: ≥75%
[4] German entities only: 44% coverage of Group's employees in 2023.
[5] Pay ratio: The average target overall direct remuneration of all members of the Board of Management was 25 times the average target overall direct remuneration of all employees (excluding the Board of Management).
[6] Without separation agreements.

8.2 Key figures

Social impact (SI) indicators

	2023	2022	2021
Employee coverage	95.4%	94.4%[1]	97.0%
Total SI expenses[2]	€9,931,285	€12,329,320[3]	€7.809.753

[1] Restated figure.

[2] The total SI expenses differ from the figures reported in the previous years, as they no longer include the monetary equivalent of corporate volunteering hours.

[3] The increased expenses in 2022 compared to the other years are due to additional budgets dedicated to the Social Engagement Awards and Ukraine-related engagements.

Details of social impact expenses in € and volunteering

> GRI 415-1

	2023	2022	2021
Social impact projects that pay into the three global challenges[4] (in €): - Combating the effects of climate change - Improving access to healthcare - Enhancing risk awareness	3,294,602	4,033,992	2,507,441
Social and cultural activities at our locations[4] (in €)	2,723,689	2,833,410	2,128,329
Disaster relief[4] (in €)	525,275	2,693,772[5]	524,507
Donations in kind, sponsorships in kind (in €)	401,127	251,764	137,576
Political contributions (in €)	171,480	171,480	171,480
Corporate volunteering (in h)	16,919	13,874	10,388
ERGO foundations[6] (in €)	1,218,954	848,004	871,526
Munich Re foundations (in €)	1,596,158	1,483,024	1,291,833

[4] This amount comprises donations, social sponsorships and corporate responsibility memberships (and does not include any contributions in kind or political contributions).

[5] This amount includes an additional budget dedicated to Ukraine-related engagements.

[6] The reporting of the payments for ERGO foundations has been partly assumed based on the figures of the previous years.

8.2 Key figures

Expenses for advocacy in €

> GRI 2-28

As part of our advocacy activities, Munich Re engages in a continuous exchange with a wide range of organisations. For 2023, our Group-wide assessment of advocacy expenses covered 95% of our employees.

	2023
Total expenses for industry associations, business associations and trade associations, including chambers of commerce and the commission of advocacy activities to external parties	€9.6m
Largest associations	Gesamtverband der Deutschen Versicherungswirtschaft (GDV): €2.6m Verband der Privaten Krankenversicherung (PKV): €1.8m Reinsurance Association of America (RAA): €0.9m American Property Casualty Insurance Association (APCIA): €0.6m Canadian Life and Health Insurance Association (CLHIA): €0.4m
Data coverage (as percent of employees)	95%

8.3 Standards

Statement of use
Munich Re has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 used
GRI 1: Foundation 2021

General Disclosures

GRI Standard	Location	Comments/omission/ external reference
GRI 2: General Disclosures 2021		
2-1 Organizational details	Portrait of Munich Re, p. 6	Annual Report, p. 21
2-3 Reporting period, frequency and contact point	About the report, p. 128; Contact and imprint, p. 145	
2-4 Restatements of information		Where previously published information needed to be updated, this has been indicated in the relevant places
2-5 External assurance	About the report, p. 128	Annual Report, p. 325
2-6 Activities, value chain and other business relationships	Portrait of Munich Re, p. 6; Procurement, p. 110	Annual Report, p. 189
2-7 Employees	HR strategy and governance, p. 74; Staff indicators, p. 134	It's all about people - Facts & Figures Due to data availability, the number of non-guaranteed hours for employees (2-7 b.iii.) and the breakdown of permanent and temporary employees by gender and region (2-7 b.i.+ii.) is not reported

GRI Standard	Location	Comments/omission/ external reference
2-9 Governance structure and composition	ESG governance, p. 16; Board remuneration, p. 18	
2-11 Chair of the highest governance body	ESG governance, p. 16	Competences of the shareholder representatives
2-12 Role of the highest governance body in overseeing the management of impacts	ESG governance, p. 16	
2-13 Delegation of responsibility for managing impacts	ESG governance, p. 16; Sustainability in insurance, p. 24	
2-15 Conflicts of interest		Competences of the shareholder representatives
2-17 Collective knowledge of the highest governance body		Competences of the shareholder representatives
2-22 Statement on sustainable development strategy	CEO statement, p. 4	
2-23 Policy commitments	Sustainability strategy, p. 9; Environmental management, p. 70; Code of conduct, p. 103; Human Rights, p. 111; About the report, p. 128	

8.3 Standards

GRI Standard	Location	Comments/omission/ external reference
2-26 Mechanisms for seeking advice and raising concerns	Compliance governance, p. 104; Human Rights, p. 111	
2-27 Compliance with laws and regulations		To the best of our knowledge, no instances of non-compliance with environmental laws and regulations and no instances of substantial fines or non-monetary sanctions with regard to laws and regulations in the social and economic area being imposed on Munich Re by state agencies were identified in the period under review.
2-28 Membership associations	Advocacy and political involvement, p. 125; Expenses for Advocacy, p. 138	
2-29 Approach to stakeholder engagement	Stakeholder dialogue, p. 19; Materiality, p. 20; Sustainability in insurance, p. 32	
2-30 Collective bargaining agreements	Employee engagement and wellbeing, p. 91; Staff indicators, p. 134	
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	Stakeholder dialogue, p. 19; Materiality, p. 20; About the report, p. 128	
3-2 List of material topics	Materiality, p. 20	

GRI Standard	Location	Comments/omission/ external reference
GRI 201: Economic Performance 2016		
3-3 Management of material topics	ESG governance, p. 16; Sustainability in business, p. 22; Sustainability in insurance, p. 24–26, 28; Responsible investment, p. 34; Climate-related disclosure, p. 51; Society, p. 95	
201-1 Direct economic value generated and distributed		Corporate website
201-2 Financial implications and other risks and opportunities due to climate change	Sustainability in insurance, p. 29; Responsible investment, p. 34; Climate-related disclosure, p. 51	
201-4 Financial assistance received from government		Lobbyregister Bundestag
GRI 203: Indirect Economic Impacts 2016		
3-3 Management of material topics	ESG governance, p. 16; Sustainability in business, p. 22; Sustainability in insurance, 25–26, 28–29; Responsible investment, p. 34; Society, p. 95	
203-1 Infrastructure investments and services supported	Sustainability in insurance, p. 29; Responsible investment, p. 34	
203-2 Significant indirect economic impacts	Sustainability in insurance, p. 29; Responsible investment, p. 34	

8.3 Standards

GRI Standard	Location	Comments/omission/ external reference
GRI 205: Anti-corruption 2016		
3-3 Management of material topics	Goals and ambitions, p. 11; Code of conduct, p. 103; Compliance governance, p. 104	
205-1 Operations assessed for risks related to corruption	Compliance governance, p. 104	
205-3 Confirmed incidents of corruption and actions taken	Compliance governance, p. 104	
GRI 206: Anti-competitive Behavior 2016		
3-3 Management of material topics	Code of conduct, p. 103; Compliance governance, p. 104	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		As mentioned in the 2022 Sustainability Report, two investigations led by foreign competition authorities against local subsidiaries of Munich Re were closed by settlement in Q1 2023 without material financial commitments or consequences for Munich Re. Otherwise, no legal actions in the area of anti-competitive behaviour, antitrust and monopoly practices were taken against Munich Re in the period under review.

GRI Standard	Location	Comments/omission/ external reference
GRI 207: Tax 2019		
3-3 Management of material topics	Tax, p. 124	
207-1 Approach to tax	Tax, p. 124	Tax Transparency Report Munich Re
207-2 Tax governance, control, and risk management	Tax, p. 124	Tax Transparency Report Munich Re
207-3 Stakeholder engagement and management of concerns related to tax		Tax Transparency Report Munich Re
207-4 Country-by-country reporting		Tax Transparency Report Munich Re
GRI 302: Energy 2016		
3-3 Management of material topics	Goals and ambitions, p. 11; Environmental management, p. 70	
302-1 Energy consumption within the organization	Environmental indicators, p. 130	
302-2 Energy consumption outside of the organization	Environmental indicators, p. 130	
302-3 Energy intensity	Environmental indicators, p. 130	
302-4 Reduction of energy consumption	Environmental management, p. 70; Environmental indicators, p. 130	

8.3 Standards

GRI Standard	Location	Comments/omission/ external reference
GRI 305: Emissions 2016		
3-3 Management of material topics	Goals and ambitions, p. 11; Environmental management, p. 70	
305-1 Direct (Scope 1) GHG emissions	Environmental indicators, p. 130	
305-2 Energy indirect (Scope 2) GHG emissions	Environmental indicators, p. 130	
305-3 Other indirect (Scope 3) GHG emissions	Environmental indicators, p. 130	
305-4 GHG emissions intensity	Environmental indicators, p. 130	
305-5 Reduction of GHG emissions	Environmental management, p. 70; Environmental indicators, p. 130	
GRI 308: Supplier Environmental Assessment 2016		
3-3 Management of material topics	Procurement, p. 110; Human Rights, p. 111	
308-1 New suppliers that were screened using environmental criteria	Procurement, p. 110	

GRI Standard	Location	Comments/omission/ external reference
GRI 401: Employment 2016		
3-3 Management of material topics	HR strategy and governance, p. 74; Development and talent management, p. 77; Employee engagement and wellbeing, p. 91	
401-1 New employee hires and employee turnover	Development and talent management, p. 77, 81; Staff indicators, p. 134	It's all about people - Facts & Figures
GRI 404: Training and Education 2016		
3-3 Management of material topics	Goals and ambitions, p. 11; HR strategy and governance, p. 74; Development and talent management, p. 79-81; Employee engagement and wellbeing, p. 91	
404-1 Average hours of training per year per employee	Staff indicators, p. 134	Due to data availability, the disclosure is not reported by gender or employee category.
404-2 Programs for upgrading employee skills and transition assistance programs	Development and talent management, p. 79, 80; Diversity, equity and inclusion (DEI), p. 83	It's all about people - Facts & Figures
404-3 Percentage of employees receiving regular performance and career development reviews	Staff indicators, p. 134	Due to data availability, the disclosure is not reported by gender or employee category.

8.3 Standards

GRI Standard	Location	Comments/omission/ external reference
GRI 405: Diversity and Equal Opportunity 2016		
3-3 Management of material topics	Goals and ambitions, p. 11; HR strategy and governance, p. 74; Development and talent management, p. 77; Diversity, equity and inclusion (DEI), p. 83; Employee engagement and wellbeing, p. 91	
405-1 Diversity of governance bodies and employees	Diversity, equity and inclusion (DEI), p. 83; Staff indicators, p. 134	It's all about people - Facts & Figures
GRI 406: Non-discrimination 2016		
3-3 Management of material topics	HR stategy and governance, p. 74; Diversity, equity and inclusion (DEI), p. 83	
406-1 Incidents of discrimination and corrective actions taken		In FY 2023, three incidents of sexual harassment, one of discrimination and one incident of unequal treatment were investigated and confirmed. The incidents resulted in three terminations, one warning and, in one case, an adjustment of internal processes.
GRI 407: Freedom of Association and Collective Bargaining 2016		
3-3 Management of material topics	Goals and ambitions, p. 11; Procurement, p. 110; Human rights, p. 111	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		To the best of our knowledge, no own operating sites or direct suppliers were identified in the period under review at which the right to freedom of association and collective bargaining could be at risk.
GRI 408: Child Labor 2016		
3-3 Management of material topics	Goals and ambitions, p. 11; Procurement, p. 110; Human rights, p. 111	
408-1 Operations and suppliers at significant risk for incidents of child labor		To the best of our knowledge, no own operating sites or direct suppliers were identified in the period under review as being at significant risk for incidents of child labour.
GRI 409: Forced or Compulsory Labor 2016		
3-3 Management of material topics	Goals and ambitions, p. 11; Procurement, p. 110; Human rights, p. 111	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		To the best of our knowledge, no own operating sites or direct suppliers were identified in the period under review as being at significant risk for incidents of forced or compulsory labour.

8.3 Standards

GRI Standard	Location	Comments/omission/ external reference
GRI 414: Supplier Social Assessment 2016		
3-3 Management of material topics	Human Rights, p. 111; Procurement, p. 110	
414-1 New suppliers that were screened using social criteria	Procurement, p. 110	
GRI 415: Public Policy 2016		
3-3 Management of material topics	Advocacy and political involvement, p. 125	
415-1 Political contributions	Advocacy and political involvement, p. 126; Social impact indicators, p. 137	
GRI 417: Marketing and Labeling 2016		
3-3 Management of material topics	Code of conduct, p. 103; Compliance Governance, p. 104; Sustainability in insurance, p. 32	
417-3 Incidents of non-compliance concerning marketing communications		No incidents relevant to the Group of non-compliance with regulations or voluntary codes of conduct concerning marketing communications – or of fines, sanctions or warnings – were identified in the period under review.
GRI 418: Customer Privacy 2016		
3-3 Management of material topics	Code of conduct, p. 103; Compliance Governance, p. 104; Data privacy and information security, p. 117; Digitalisation and cyber, p. 121	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		No material data protection events as defined in the Solvency II Group Compliance Policy occurred anywhere in our Group worldwide, nor were any material proceedings for breach of data protection regulations initiated.

8.4 Contact and imprint

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> GRI 2-3

Contact

Please do not hesitate to contact our Sustainability department if you have any questions regarding sustainability at Munich Re.

Please send your questions and comments to
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