

The background of the slide features a silhouette of a mountain range against a soft, pastel-colored sky. A line of hikers, each with a backpack and using trekking poles, is ascending a steep slope. The hikers are positioned at regular intervals along the slope, creating a sense of progression and teamwork. The overall tone is professional and aspirational.

Corporate Responsibility Report 2020

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About the Corporate Responsibility Report


> GRI 102-45; 102-50; 102-52; 102-53; 102-54

Our business model is based on responsible corporate governance that reconciles economic, environmental and social requirements. To this end, we rely on transparency and dialogue with our stakeholders. We also establish global partnerships for sustainable development. In our Corporate Responsibility (CR) Report, we describe the ways in which we embrace corporate responsibility in our day-to-day operations.

Our annual Corporate Responsibility Report also provides a review of our business fields of primary insurance and reinsurance as well as asset management with respect to the objectives we have defined, the measures we realised in the past year and the successes we have achieved.

The measures and activities presented focus mainly on the period from 1 January 2020 to 31 March 2021; the key figures relate to the 2020 financial year (ending 31 December 2020). Our Corporate Responsibility Report has been available online in English since 22 April 2021.

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) and meets the standards of the European Union's Corporate Social Responsibility (CSR) Directive. Ultimately, our CR Report serves as a link to the standard financial reporting without itself containing any financial aspects.

Selected topics – qualitative and quantitative reporting

To ensure that the Corporate Responsibility Report gives a comprehensive picture of our performance, the topics and content have been chosen according to their significance to our business operations and the interests of our stakeholders as well as their impact on efficiency, economic and social factors.

Verified indicators

The carbon footprint from our operational activities is the key indicator for measuring and assessing our environmental performance of our own operations. Since 2015, an external audit company confirmed that the entire Munich Re Group has met its objectives for selected quantitative environmental data on a high quality (Find the  **actual independent auditor's limited assurance report** in the end of his document and last year reports in our  **download center**).

Our voluntary commitments

The voluntary commitments such as our acceptance of the UN Global Compact, the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI) form the framework of our corporate responsibility strategy. In the beginning of 2020, Munich Re joined the UN-convened "Net-Zero Asset Owner Alliance" (AOA) and will ensure its investments are net-zero by 2050.



PSI
Principles
for Sustainable
Insurance



UNEP
FINANCE
INITIATIVE



WE SUPPORT

Signatory of:



Principles for
Responsible
Investment

GRI Standards and Global Compact "Communication on Progress" Report

This report has been prepared in accordance with GRI standards ("core" option). The GRI indicators have been compiled in a separate GRI disclosure. In addition, the Corporate Responsibility Report and the GRI disclosure constitute our annual Communication on Progress Report for the UN Global Compact.

Ladies and Gentlemen,

> GRI 102-14

Acting responsibly is the basis for generating added value for and with all our stakeholders, especially in such unique circumstances as we faced in the past year. Munich Re proved to be a reliable and responsible employer, business partner and member of our society throughout 2020. We upheld top service levels for our clients while protecting the health of our employees. By covering insured losses totalling billions, we are playing a substantial role in helping the economy and society cope with the pandemic.

Furthermore, Munich Re launched its Ambition 2025 in December 2020. Our aim is to create lasting value for our shareholders, clients, employees, and society at large. This is reflected in the ambitious targets we set for our business, including comprehensive climate and diversity targets that span our whole organisation and our continued commitment to uphold environmental, social and governance (ESG) criteria in every area of our organisation's influence.

Enhancing risk awareness of ESG criteria applies across all of our activities. We believe we can make the biggest difference by focusing on the key action areas of climate change and digitalisation.

Key to mitigating climate change is the enabling of new technologies for power generation, transportation, energy storage and industrial production. We see our-

selves as being able to play a vital role by crafting the insurance solutions required to enable adoption of technological innovation. In addition, our Climate Ambition puts us at the forefront of climate protection by contributing to the achievement of the Paris climate goals across our business – liabilities, assets and own operations. We will follow a scientifically proven path to net-zero carbon emissions until 2050, with clearly defined, traceable interim goals along the way, facilitating the transition from fossil fuels to renewable energies.

We are working in collaboration with the Net-Zero Asset Owner Alliance to reduce the emissions of our investments to net-zero by 2050. In our insurance business, we have set industry-leading targets to reduce our emissions linked to coal, oil and gas in line with science-based decarbonisation pathways including a full exit from coal by 2040. And, with respect to emissions from our own operational processes, we will become net-zero by 2030. As an intermediate step, we are aiming for a CO₂ reduction of 12% by 2025 on top of the 44% we have already achieved from 2009 to 2019.

As awareness and transparency about the risks of climate change are at the centre of our activities, we have also aligned our reporting to the internationally recognised TCFD standard.



Joachim Wenning, CEO Munich Re

Digitalisation continues to open up new opportunities for our organisation. We actively promote the responsible use of digital technologies and related services such as big data analysis, IoT, and AI, along with the development of standards for evaluating algorithms and, not least, respecting and promoting data privacy. As a result of the pandemic, companies have moved

many of their business processes online. At the same time, awareness of digital dependency has increased, so that more investment in IT security is necessary and likely. In this context, coverage for cyber risks remains one of Munich Re's most important strategic growth areas and fields of activity.

Digitalisation also leads the way regarding our employees: we offer comprehensive online training to all employees, such as our LinkedIn Learning campaign in 2020. In addition, we continue to make significant investments in enhancing the analytic expertise of our actuaries and underwriters, as well as in developing cyber expert knowledge.

Munich Re unites colleagues from over 60 countries under one roof, at more than 50 locations around the world. Over 80 professions are represented in our Group. Diversity is a defining characteristic of Munich Re. But we have room for improvement, including the number of women managers – a matter we will resolutely tackle. We want to increase the percentage of women in senior management at Munich Re to 40% by 2025.

Looking forward, we will continue to engage all stakeholders associated with our organisation in a dialogue that engenders transparency and trust. This is also reflected in our global partnerships for sustainable development, and in our voluntary commitments to standards that support our strategy, such as those embodied by the UN Global Compact (UNGC), the Principles for Sustainable Insurance (PSI), the Principles for Responsible Investment (PRI) and, since January 2020, the Net-Zero Asset Owner Alliance.

Munich Re is more than ready and able to meet its corporate responsibilities and help humankind act braver and better, even in the face of extraordinary circumstances.

We do so both at Group level and at individual employee level, with approximately 40,000 staff assuming a wide variety of different roles. This Corporate Responsibility Report outlines how we live up to our values and commitments.

I wish you an enjoyable read.



Best regards, Joachim Wenning

Portrait of Munich Re

> GRI 102-1; 102-2; 102-3; 102-4; 102-5; 102-6; 102-7; 102-9

Risk management is our strength

Munich Re Group (or Munich Re) is a stock corporation with its registered office in Munich, Germany. Our business model is based on the combination of primary insurance and reinsurance under one roof.

Reinsurance offers innovative solutions for complex risks

With premium income of € 37.3 bn from reinsurance alone, Munich Re is one of the world's leading reinsurers. We offer a full range of products, from traditional reinsurance to innovative solutions for risk assumptions. Especially when clients require solutions for complex risks, Munich Re is a much sought-after business partner. The unique global and local knowledge of our about 12,000 staff in reinsurance is one of our most important resources for ensuring the success of the Group. Our client service regularly receives top ratings.

Primary insurance under the ERGO brand

Munich Re Group bundles most of its primary insurance activities in the ERGO Group, and also in the services offered by DAS, DKV, ERGO Direkt and ERV. Worldwide, the ERGO Group is represented in over 30 countries and concentrates on Europe and Asia. ERGO offers a comprehensive range of insurance and pension provision products and services. ERGO Versicherung AG is one of Germany's largest providers of property and legal protection insurance. As a specialist in capital market-oriented insurance, ERGO Vorsorge Lebensversicherung AG is shaping change in the area of private provision and biometric risk products. Some 39,000 people work for the Group, either as salaried employees or as full-time self-employed sales representatives. In 2020, ERGO posted premium income of €17.6bn.

€1.2bn

Munich Re Group profit 2020

We take on risks worldwide of every type and complexity. 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. In the 2020 financial year, the Group achieved a profit of €1.2bn on premium income of €54.9bn. It operates in all lines of insurance and, with more than 39,600 employees, is represented on every continent and in over 100 countries.



Investments

MEAG Munich Ergo AssetManagement GmbH manages Munich Re's investments worldwide and offers its expertise to private and institutional investors. MEAG handles all main asset classes. This includes interest-bearing securities, equities, real estate, renewable energies, and infrastructure.

€233bn

assets managed by MEAG for Munich Re Group

As at 31 December 2020, total investments (excluding insurance-related investments) increased compared with the 2019 figure, with the carrying amount rising to €233bn (228.8bn) and the market value to €247.3bn (231.9bn). The volume of assets managed for third parties amounts to €38.2bn (15.5bn).



01_Corporate governance

Corporate governance

Creating value through global responsibility

> GRI 102-11; 102-16

Munich Re adopts a forward-looking, prudent and responsible approach to handling risks. For 140 years, we have created long-term value by assuming a diverse range of risks around the world. And we are convinced that this business concept will continue to be successful in the future through sustainable action. Responsible corporate governance lies at the heart of this approach and reconciles economic, environmental and social requirements. In this context, we rely on dialogue with our stakeholders and the establishment of global partnerships for sustainable development.

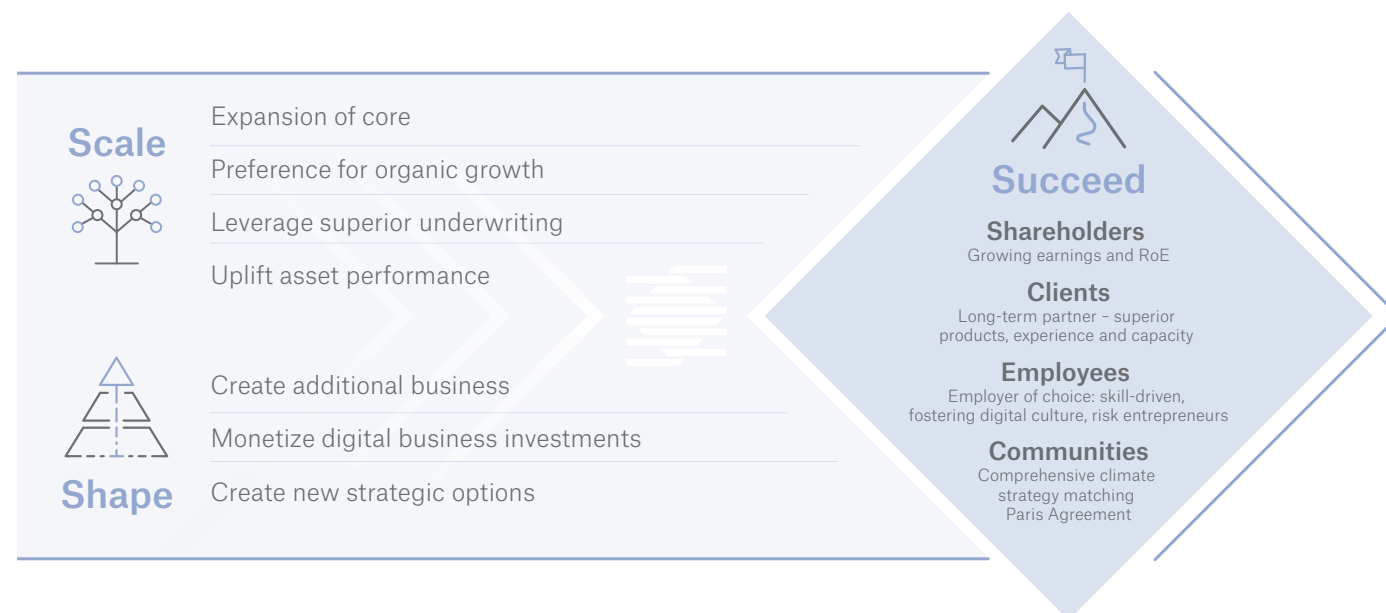
Munich Re's Ambition 2025 – sustainability embraces business

Munich Re Group's Ambition 2025 programme specifies a number of bold targets that will be realised over the coming five years. These objectives are built around the three guiding principles of Ambition 2025: Scale, Shape, and Succeed. Scale points 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 the added value Munich Re creates for and with all its stakeholders. This translates to increased earnings for shareholders of Munich Re and bespoke, increasingly superior products

for clients from a long-term partner that really understands them. Staff can look forward to long-term employment and good career prospects in a skill-driven, digital and highly flexible work environment. Not least, communities will benefit from vital initiatives such as the Group's ambitious climate protection targets in its asset management, (re)insurance business and its own business operations.



Holistic corporate responsibility strategy

As described in our Ambition 2025, Munich Re aims to create value for all its stakeholders – our corporate responsibility (CR) strategy systematically integrates this ambition across our activities. And 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 sustainable solutions.

We focus on the following fields of action:

– Responsible governance

Responsible corporate governance is only possible on the basis of impeccable ethical and legal conduct.

– Sustainable approach to core business

We proactively consider environmental, social and governance (ESG) aspects along the entire value chain in our core business activities.

– Environmental and climate protection

We have an ambitious climate strategy across liabilities, assets and our own operations.

– Responsible employer

As an employer, we attach the greatest importance to treating our staff in a responsible and respectful way. We create attractive framework conditions to promote their personal and professional development and promote diversity.

– Societal responsibility

Stemming from our sense of social responsibility, we support a large number of initiatives and projects that are close to our core business and promote social cohesion.

Meeting voluntary commitments

Voluntary commitments, such as the UN Global Compact (UNGC), the Principles for Responsible Investment (PRI), the Principles for Sustainable Insurance (PSI) of

the UNEP FI and – since 2020 – membership of the Net-Zero Asset Owner Alliance (AOA), represent a key element of our CR strategy. Our recognition of these guidelines and our membership in the initiatives mentioned above serve as testimony in our dedication to corporate responsibility. Our risk expertise, sustainable solutions and actions as a responsible employer make a particular contribution to the achievement of the following UN Sustainable Development Goals (SDGs):



Targets and measures anchored in a roadmap

We work continuously to refine and implement our corporate responsibilities, as a result of which we have set ourselves the following targets.

Good corporate governance

Prerequisite for sustainable business practice is to ensure a fair and trusting relationship with our stakeholders.
By meeting high ethical and social standards, we avoid conflict situations and protect the reputation of Munich Re Group.



Targets	Status ¹	Progress in 2020
Strengthen ESG governance across the Group	ongoing	<ul style="list-style-type: none"> Supervisory board enhanced ESG targets for Board of Management (BoM) Strengthening of sustainability governance at ERGO Dedicated ESG teams at Group Investment Management and MEAG
Sharpen ESG strategy	ongoing and enhanced targets	<ul style="list-style-type: none"> Ambition 2025 defines Munich Re's climate goals for 2025 and beyond, approved by BoM Holistic approach to decarbonisation of our businesses up to 2050 aligned with the Paris Agreement
Assessment of <ul style="list-style-type: none"> stakeholder demands adjusted reporting requirements regulatory developments 	ongoing	<ul style="list-style-type: none"> BoM approved new Ambition 2025 as guiding framework for our corporate responsibility governance Enhanced transparency by including combined non-financial statement in annual report SASB criteria mapped Climate-related disclosure according to TCFD standard
Efficient and comprehensive alignment to compliance requirements, avoidance of any kind of violations and enhanced transparency	ongoing	<ul style="list-style-type: none"> Improved supplier assessment process including ESG criteria No violations of corruption laws or corresponding official proceedings were the subject of compliance reporting worldwide. No material data protection event, as defined in the Solvency II Group Compliance Policy, occurred anywhere in our Group worldwide, nor were any material proceedings instituted for breaches of data protection rules.

Core Business

The focus of our corporate responsibility is the integration of ESG criteria into risk evaluation and development of sustainable solutions for (re)insurance and investment business. We focus on the topics of major impact:
Climate change (liabilities and investment), responsible digitalisation and risk awareness across our entire business.



Targets liabilities	Status ¹	Progress in 2020
Decarbonisation of our (re)insurance business	ongoing	No insurance for: <ul style="list-style-type: none"> Thermal coal: new coal mining, power plants, related infrastructure Oil and gas (exploration/production): new and existing oil sand sites, related infrastructure
Thermal coal: <ul style="list-style-type: none"> By 2025: Thermal coal: -35% emissions; By 2040: Full exit 	ongoing and enhanced targets	<ul style="list-style-type: none"> Ambition 2025 defined and approved by BoM
Oil and gas (exploration/production): <ul style="list-style-type: none"> By 2025: -5% emissions; By 2050: net-zero emissions 	ongoing and enhanced targets	<ul style="list-style-type: none"> Ambition 2025 defined and approved by BoM
Further integration of ESG criteria in underwriting processes	ongoing	<ul style="list-style-type: none"> Use of RepRisk data base No insurance of companies associated with cluster munition and land mines
Development of solutions with sustainable impact	ongoing	<ul style="list-style-type: none"> Examples include Location Risk Intelligence Platform and pay-per-part solutions
Ensure the responsible use of digital technologies and provide innovative solutions for our clients	ongoing	<ul style="list-style-type: none"> Strategy based on the five "ethics guidelines for trustworthy AI" is integrated in product development 130 experts on cyber in the Munich Reinsurance Company
Expand the borders of insurability	ongoing	<ul style="list-style-type: none"> Examples include cyber solution Guarantee the performance of Artificial Intelligence systems

Targets investment	Status ¹	Progress in 2020
Decarbonisation of our investments: Become net-zero by 2050	ongoing and enhanced targets	<ul style="list-style-type: none"> - Member of the Net-Zero Asset Owner Alliance (AOA) - Set up of a 5-year implementation plan - First step: Quantification of financed emissions from equities and bonds
Thermal coal: - By 2025: ~35% emissions - By 2040: full exit	ongoing and enhanced targets	<ul style="list-style-type: none"> - Ambition 2025 defined and approved by BoM - No investment in companies with >30% revenue thermal coal
Oil and gas: - By 2025: ~25% emissions - By 2050: Net-zero	ongoing and enhanced targets	<ul style="list-style-type: none"> - Ambition 2025 defined and approved by BoM - No investment in companies with >10% revenue oil sands
Focus investment steering on ESG criteria	ongoing	<ul style="list-style-type: none"> - In 2020, over 80% of our investments were invested sustainably (of the €220bn in investments that are relevant for calculating the sustainability ratio). - Integration of additional ESG data into investment process - No investment in companies associated with cluster munition and land mines
Achieve best in-class level - become a leader in ESG Investing	ongoing	- Munich Re achieved the top grade (A+) with the maximum number of points possible in the "Strategy and Governance" module of the PRI survey
Issue a green bond in 2020	completed	- As the first German insurer, Munich Re issued a green bond with a volume of €1.25bn
Double renewables portfolio to €3bn	ongoing and enhanced targets	- In 2020, invested capital (equity and debt) in renewable energies was approximately €1.6bn
Development of sustainable investment solutions	ongoing	- Development of new sustainable investment products by MEAG

Employees

Additionally, promoting the main goals of our Human Resource strategy are attracting, developing and retaining outstanding staff.
Promoting diversity and inclusion in all aspects is a strategic focus of our Group-wide Human Resource strategy.



Targets	Status ¹	Progress in 2020
Diversity: Promotion of diversity as a strategic success factor for Munich Re Group: - Ambition 2025: Group-wide 40% female managers by 2025 (first and second management level) - Increase in the proportion of women in management positions in Germany to at least 25% by 2020	ongoing and enhanced targets	<ul style="list-style-type: none"> - 56 nationalities at our headquarter in Munich - Ambition 2025 defined and approved by BoM - Proportion of woman in management worldwide at 30%
	completed and exceeded in 2020	- Proportion of women in management positions at Munich Re Group in Germany increased to 26%
Attracting, developing and retaining outstanding staff	ongoing	Targeted, needs-based training for all staff, particularly on the subject of digitalisation: <ul style="list-style-type: none"> - LinkedIn Learning for Munich Reinsurance Company: approx. 4,300 activated licenses, >120,000 completed learning videos - Digital School and data-analytics curriculum: 450 employees with certification of major qualification - Special training programme in Munich Reinsurance Company: Cyber Expert Pool
	ongoing	Identification and development of staff with leadership potential through development programmes: <ul style="list-style-type: none"> - 74% of all open management positions at Munich Re Group were filled with suitable internal candidates
Revamping our global performance management and remuneration system	completed	<ul style="list-style-type: none"> - The former annual performance appraisal sessions were replaced with "Continuous Conversations" about commitment, feedback and development - Remuneration: A profit-sharing approach is applied worldwide instead of the former system of individual variable compensation. The only relevant KPI for all staff bonuses is now Munich Re's IFRS result
Measuring employee satisfaction and commitment	completed	<ul style="list-style-type: none"> - All employees of Munich Reinsurance Company and MEAG invited to participate in an employee survey: 63% of employees participated - The Employee Commitment Index measured: 71 (external benchmark of 61 for the finance industry) - High satisfaction with Munich Re's handling of the coronavirus pandemic to protect and care for its employees

Environmental and climate protection at our locations

We take responsibility for environmental protection and get involved wherever we can, to make a positive and tangible impact.



Targets	Status ¹	Progress in 2020
Targets 2009 up to 2020: – 35% reduction in carbon emissions per employee – Maintain carbon neutrality across the Group since 2015	completed and exceeded	– 58% carbon reduction 2009 to 2020 – Carbon neutrality since 2015
Procurement of 100% green electricity	not achieved	– 90% of green electricity Group-wide in 2020, 100% green electricity target set for 2025
Ambition 2025: – 12% carbon reduction per employee 2019–2025 – Own emissions are carbon net-zero by 2030	on track and enhanced targets	– Ambition defined and approved by BoM

Society

Stemming from our sense of social responsibility, we support a large number of initiatives and projects that are close to our core business and promote social cohesion.



Targets	Status ¹	Progress in 2020
Ambition 2025: – Support at least 500 projects in our communities – Enabling staff to contribute in Munich Re and beyond	ongoing and exceeded	– Ambition defined and approved by BoM – 908 organisations supported
Respond to climate change: – Limit the regional effects of climate change and ensure a basis of existence for the people affected in the area	ongoing	TCCT initiative was brought to the next level: – BoM decided to support ecosystem-based adaptation initiatives – Ongoing sponsorship of start-ups with climate change related solutions with Climate-KIC – New partnership with GIZ and OroVerde
Better access to health care: – Munich Re fights against Corona pandemic	ongoing	– Munich Re Group and its employees engage by donating money or volunteering their time in numerous initiatives – Munich Re Group donated more than €2.2m for Corona-related support in addition to employee donation campaigns
Disaster relief and prevention: – Raising risk awareness and promoting risk prevention	ongoing	– Munich Re is anniversary partner of „Aktion Deutschland hilft“ – Ongoing partnership with Save the Children

¹ Explanation of status:

exceeded – Quantitative target was overachieved within defined timeframe

completed – Quantitative target was reached within defined timeframe

not achieved – Target was not achieved qualitatively, quantitatively and/or within defined timeframe

ongoing – Continuous target without end-date

enhanced target – Previous target has been strengthened in the past year

Engaging in dialogue with our stakeholders

> GRI 102-40; 102-42; 102-43

Munich Re has always valued an open and ongoing dialogue with its various stakeholders, as defined below. This actively engaging approach enables us to identify the topics that are material for us now and in the future from our stakeholders' perspectives. We analyse the outcomes of our stakeholder dialogue at regular intervals and incorporate them into our CR strategy.

Key topics identified

> GRI 102-44; 102-46; 102-47; 102-49

We select the topics that are most material to the Munich Re CR strategy. And we then assess these topics in terms of three different dimensions:

- The business perspective
- The stakeholder perspective
- The impact of our business activities on the three sustainability dimensions of environment, society and economy

In 2018, we reviewed and reassessed topics in terms of their materiality for Munich Re. After considering topics from the previous materiality analysis, voluntary commitments, stakeholder dialogue outcomes, external standards such as SDGs, GRI, PRI, PSI, industry trends and interviews with internal experts from all relevant divisions and corporate functions, the results were validated by the Sustainability unit and summarised. To validate our materiality analysis, we reviewed it against the SASB criteria for the insurance industry and matched them with our GRI reporting. You can find the result of these efforts [↘ at the back of this report.](#)



Clients

- We serve our clients in all fields of business as a reliable and solution-oriented business partner.
- We regularly evaluate their satisfaction with our services by employing analyses and surveys tailored to the different client structures in primary insurance and reinsurance.
- Our client managers in reinsurance also regularly interact with clients on potential needs, trends and challenges, at trade fairs, events and client training seminars.
- We maintain contact with insurance customers such as our client survey in 2020.



Employees

- We engage in continuous interaction with our employees worldwide.
- We encourage a culture of continuous conversation, feedback and transparent communication across a wide range of platforms, such as our employee survey, our intranet, Yammer and other dialogue forums.
- We promote exchange across all levels of management by town hall meetings, strategy talks with members of the Board of Management and management conferences.



Shareholders, analysts and investors

- We conduct professional communication with players in the financial markets through regular dialogue and proactive sharing of information.
- We provide key and detailed information on the general opportunities and risks attached to our business through frequent personal investor calls and at (SRI) roadshows – in addition to scheduled investor and analyst events.
- We also specifically inform these groups about our sustainability activities and industry trends.



Politics, NGOs, interest groups

- We are in close contact with interest groups, NGOs, UN institutions and public authorities at both the national and international level.
- We are an active member of many insurance industry initiatives and associations.
- We provide our risk management expertise to studies and briefs by these stakeholder groups and participate in discussion formats such as roundtables and working groups.



Society and science

- We engage in an ongoing dialogue with scientists, associations and organisations around the world.
- We are involved in a large number of national and international research and development projects. These include the Global Earthquake Model (GEM), German Research Center for Artificial Intelligence (DFKI), the German Data Science Society and the Global Climate Forum (GCF).
- We also seek exchange with wider society, e. g. via public dialogue forums and panel discussions.

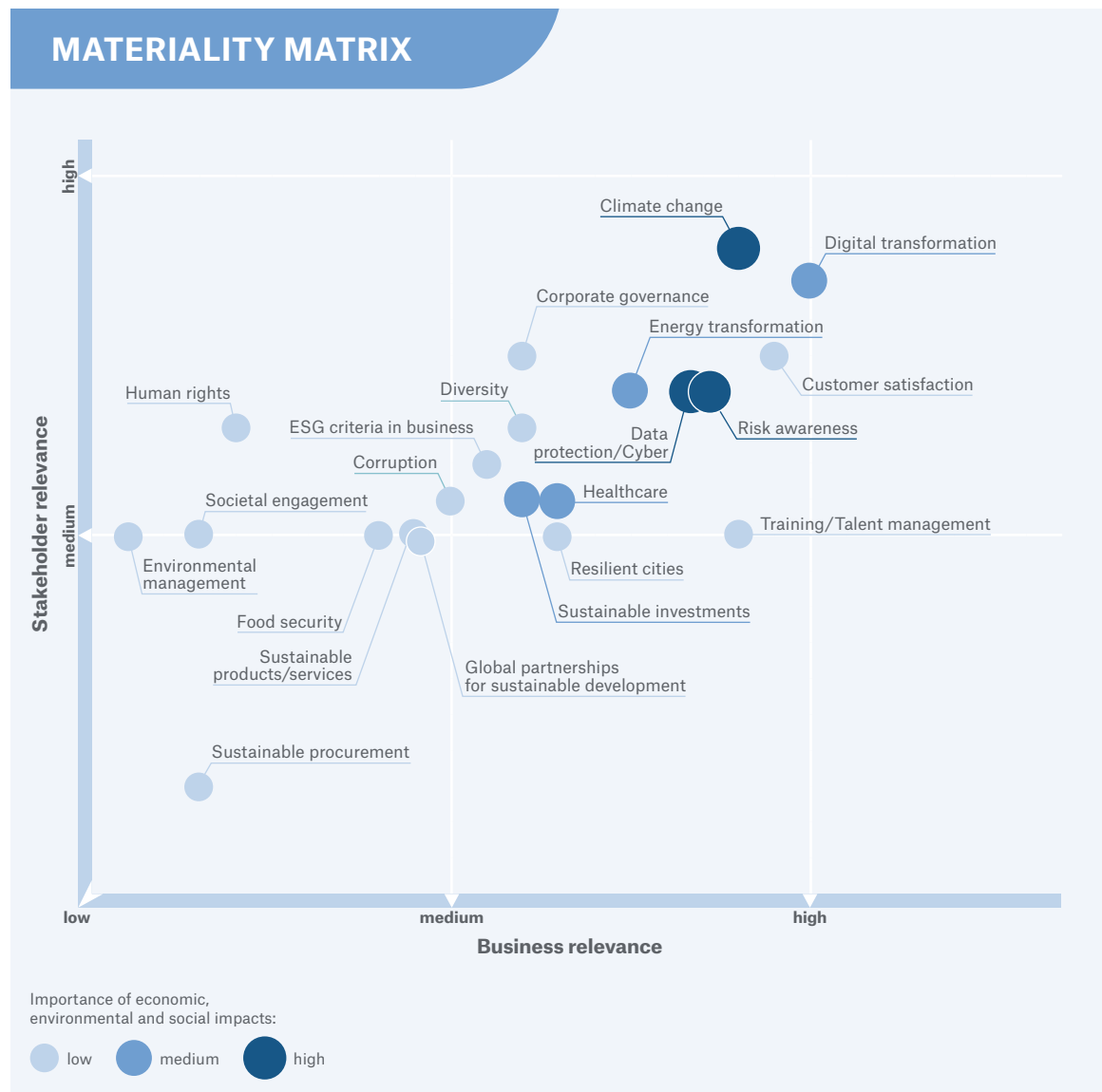
The materiality matrix on the right shows the topics that are material for us. No changes were made in 2019 and 2020. We review the matrix regularly and plan a comprehensive update of the materiality assessment in 2021.

Climate change and digital transformation are our high priority topics. Along with data protection, cyber security and energy transition they belong to the category with the highest level of materiality. Risk awareness and prevention is an integral cross cutting issue related to all identified key topics. These topics are closely related to our core business. An additional strategic focus is put on healthcare, client satisfaction, sustainable investment, training and talent development.



»Our materiality assessment captures the most relevant current and emerging ESG topics for Munich Re. It is a driver for future strategic decisions and helps us to define and evaluate our sustainability targets.«

_Silke Jolowicz, Head of Sustainability Munich Re Group



Good corporate governance and high compliance standards

> GRI 102-11; 102-16; 102-18; 103

For us, good corporate governance requires the Board of Management and Supervisory Board to work together, efficiently, with a spirit of trusting cooperation existing between the two bodies and staff – all collaborating inside an effective organisational structure. These parameters help secure the confidence of investors, clients, employees and the general public in our corporate activities.

Of particular relevance here is that corporate and Board of Management objectives are always aligned with both financial and sustainability considerations. For example, as of 2021, concrete ESG targets are built into the **Board of Management remuneration system**. More broadly, responsible and sustainable management at Munich Re is ensured through a robust governance framework that includes corporate governance, compliance systems and sustainable risk management.

In addition to the above, Munich Re clearly regulates organisational accountability for all corporate responsibility aspects. The responsibility for developing and implementing the Group-wide CR strategy lies with the central division Economics, Sustainability and Public

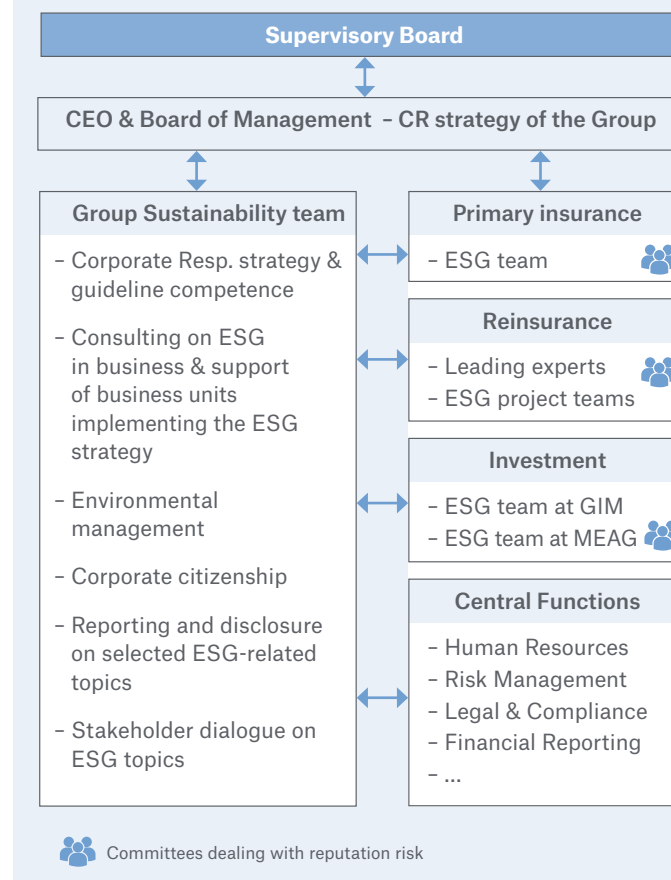
Affairs (ESP), which reports directly to the Chief Executive Officer (CEO). Fundamental strategic decisions on CR topics are taken by the Board of Management, or by one of its committees.

The Chief Investment Officer (CIO) of Munich Re is responsible for the implementation of ESG in investment. An ESG team was created in Group Investment Management (GIM) to develop ESG investment criteria and implement them as specifications in the investment process. The GIM ESG Team is supported in its investment decisions by the ESG team at MEAG. During 2020, the ERGO board decided to bundle the responsibility for implementation of sustainability issues and measures in a central Sustainability unit within the Corporate Underwriting Officer resort.

At least once a year, the Supervisory Board is informed about material sustainability topics on the basis of the combined non-financial statement. Several Supervisory Board members have an **ESG expertise**, making them eminently qualified to evaluate the information. In 2020, the Head of Economics, Sustainability and Political Affairs actively informed the Supervisory Board about the Climate Ambition 2025 programme. One of the key tasks of the Audit Committee consists in monitoring the Group's risk situation and risk management (including ESG risks) on an ongoing basis and discussing its risk strategy.

Online content: More about our Supervisory Board

Management of Corporate Responsibility at Munich Re Group



Code of Conduct: Commitment to responsible and compliant conduct

> GRI 102-16; 103; 205-2

Our Code of Conduct creates a Group-wide common understanding of the values that Munich Re regards as the foundation for its operations. The rules it contains are binding for all subsidiaries and staff of the Munich Re Group and, together with other policies, guidelines and work instructions, guide our activities every day. We combat any kind of corruption, prevent money laundering and the financing of terrorism, respect human rights, and ensure that our strict compliance standards are met along the entire value chain. All staff are obliged to confirm in writing that they have familiarised themselves with the contents of the Code of Conduct. At a two-year interval, employees must demonstrate their knowledge of the Code of Conduct by undertaking a mandatory self-test using an online learning platform. At ERGO the content of the Code of Conduct is conveyed to all employees in Germany in the form of online training. All members of the management team and all senior executives at ERGO in Germany are also obliged to take part in an in-depth face-to-face training session on compliance. Corresponding training measures have also been introduced for ERGO companies abroad.

The Code of Conduct is available in Munich Re's most important working languages (English, German and Spanish).

Online content: [More about our Code of Conduct](#)



Munich Re's corporate governance rated "excellent"

With its Scorecard for Corporate Governance, **DVFA** examined the companies included in the DAX and MDAX indices. The amended structure of the German Corporate Governance Code and the requirements of ARUG II were taken into account for the first time in the DVFA Scorecard 2020.

In the DAX, only Munich Re achieved the highest category with the rating "excellent". Professional investors are increasingly taking corporate governance performance into account in their investment decisions.

Compliance ensures integrity in all actions

> GRI 205-2

How Munich Re Group is perceived by the public and its business partners depends on each and every member of our staff. By aligning our actions to high ethical and legal standards, we create a spirit of trust and protect the reputation of Munich Re Group. Compliant conduct plays an important role in this context and shows we adhere to all applicable legal,

regulatory, and other external requirements and standards, in particular those applicable to operating an insurance business, and to internal regulations mitigating material compliance risks in all business activities.

The Compliance Management System (CMS) of Munich Re Group defines minimum requirements for compliant conduct in its Solvency II Group Compliance Policy. It is designed to:

- Prevent the violation of external and internal requirements by advising on and implementing norms as well as communicating and training on material compliance risks (prevent).
- Identify and manage material compliance risks, monitor defined frameworks and assess controls, and investigate, terminate and remediate any potential violations that may occur despite appropriate measures (discover).
- Regularly report to relevant bodies and to continuously improve the CMS (respond).

The base of our CMS is an embedded compliance responsibility in all business activities (i.e. the 1st line of defence), a solid compliance organisation with clearly assigned roles and responsibilities, as well as independent, adequate, and competent resources to enable the compliance function to operate effectively and efficiently. A sound compliance culture embraces all CMS instruments. The internal audit function performs audits on the CMS throughout the Group.


Online Content: [More about our CMS](#)

Compliance organisation and reporting

Our compliance reporting to the Board of Management and the Audit Committee of the Supervisory Board of Munich Re Group takes place on both an ad hoc and regular basis. For example, reporting covers CMS implementation in the areas of anti-corruption, compliance violations, results of special audits and any measures taken, including the sanctioning of violations. A system has been specially implemented to report violations in Munich Re companies to the Group Compliance and Legal department. Serious violations of legal provisions or relevant internal regulations of a Group company must be reported on an ad hoc basis.

The Munich Re compliance whistleblowing portal

Munich Re offers its employees, and also its clients, suppliers and other business partners, a secure

 **whistleblower portal** to report potential compliance violations. This means that relevant information can be passed on safely, confidentially and, if desired, anonymously, worldwide and around the clock. Once information is received, it is passed on to Group Compliance and Legal, which is responsible for further processing. Here too, confidentiality is a top priority.

Additionally, the platform can be used to report possible violations concerning corruption, financial sanctions, antitrust, insider trading and data protection but also those related to human rights, gender discrimination, sexual harassment, diversity and violations of equal treatment. The functionality of the anonymity protection in the Munich Re compliance whistleblowing portal is externally certified according to ISO 27001.

How the portal functions

Access is obtained to the whistleblower system via the website of Munich Re, as well as on the intranet.

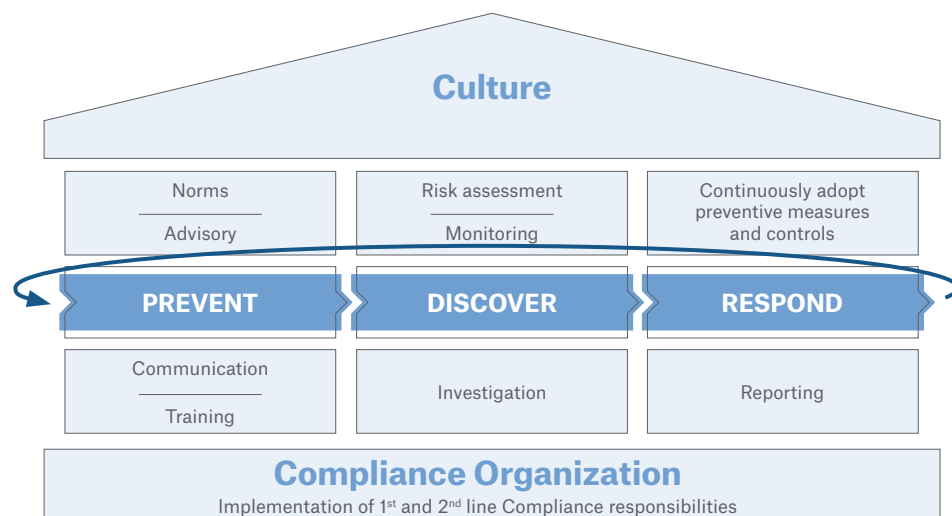
Whistleblowers have the option of setting up a protected mailbox in the whistleblower system, using an alias/username and password which they can select themselves. In this way, the whistleblower can exchange messages and files safely and anonymously with Group Compliance and Legal. The mailbox and data is stored exclusively on the whistleblower system, and is protected against third-party access with the help of individual encryption; the process does not involve standard e-mail communication. Only the authorised recipient in Group Compliance and Legal can access the data to clarify whether a whistleblowing is plausible and initiate an investigation of the matter, if necessary. Depending on the individual case, if a violation is proven, appropriate action is then taken.

Ombudsman

Employees may also report possible violations to Munich Re's external ombudsman. Any member of staff in Munich Re Group may approach him in confidence if they suspect illegal conduct in their unit. As an external and independent contact, the ombudsman gives employees an additional option – besides the Whistleblowing Portal and direct reporting channels (superior and Group Compliance and Legal) – for reporting possible violations in confidence and, if necessary, even anonymously. The ombudsman informs Group Compliance and Legal about the content of any notification.

Zero tolerance of corruption and white-collar crime

Munich Re resolutely counters the risk of white-collar crime and corruption with its CMS including but not



limited to appropriate separation of functions, compliance with the four-eyes principle, in particular when signing contracts and making payments. In 2020, a new [🔗 guideline on the prevention of corruption](#), including avoidance of certain conflicts of interest and gifts and hospitality, was authorised by the Board of Management. The guideline applies directly to Munich Reinsurance Company and sets minimum standards for the Group. Legal regulations of 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. Companies affected by the Money Laundering Act (*Geldwäschegesetz*) have been structured accordingly and money laundering officers and deputies have been appointed where the Act requires this. ERGO and MEAG meet the requirements for the prevention of money laundering and terrorist financing for their employees in Germany through implementation their own anti-money laundering guidelines.

In addition to the Code of Conduct, Munich Re Group has implemented additional norms, e. g. for prevention of corruption and rules for gifts and hospitality, anti-money laundering, compliance with antitrust regulations, financial sanctions, handling of insider information, and outsourcing.

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. At the Reinsurance Group and ERGO, an anti-corruption agreement/anti-corruption clause must be concluded with the supplier or service provider regardless of the order value. In addition to the mandatory Group-wide topics (Code of Conduct, anti-corruption and data



protection/information security), the need for training is also geared by local requirements. Mandatory training also takes place on insider trading and the General Equal Treatment Act. The trainings are renewed regularly.

In 2020, no violations of corruption laws or corresponding official proceedings were the subject of compliance reporting worldwide.

Meeting data protection and information security requirements

> GRI 103

Munich Re has to manage an ever-increasing amount of information and data. It is essential for us to protect the personal data of our staff members and clients, to guard our business and sales partners' corporate information, and our own trade secrets, if we are to be treated

as a competent and trusted partner. For this reason, Munich Re has implemented data protection and information security management systems in each of 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 personal data is handled. The goal is to ensure a high standard of data protection across the Group, and to avoid fines. Audited data protection controls are conducted on a regular basis.

For Munich Re Group, the Code of Conduct and various business field-specific standards on data protection and information security contain binding regulations for all employees. For Group companies whose registered office is within the EU/EEA, these relate primarily to the EU General Data Protection Regulation (GDPR). Based on this, Munich Reinsurance Company, ERGO and MEAG have each issued a data protection policy for their activities in the EU/EEA in order to ensure a binding level of data protection in their respective business areas. For internal data exchange with companies of the Reinsurance Group based outside the EU/EEA, Binding Corporate Rules guarantee an adequate level of data protection at all locations worldwide.

The Binding Corporate Rules were updated in 2019. Approval of the competent supervisory authority is expected for 2021.

Online content: General Data Protection information

Information security

The Group-wide [guideline on Information Security and Business Continuity Management](#) – the ISM & BCM Policy sets binding targets, minimum requirements, responsibilities, processes and reporting procedures

for the protection of information and for ensuring business continuity. Additionally, it takes into account the high degree of interdependencies between the two risk management disciplines – Information Security Management and Business Continuity Management. It also helps to ensure that Information Security and Business Continuity fulfil contractual obligations to clients as well as reporting requirements in a constantly changing environment and in times of crises. The methodology and processes for managing security risks for people, information and property as well as for business continuity management are clearly defined for the Munich Re Group and fall under the direction of the Group Chief Information Security Officer (Group CISO). Munich Re is currently expanding the range of established tasks associated with information protection

as part of our Group Risk Management. We are doing so in order to meet security requirements that will continue to change and grow in the future. New challenges arise, for example, from the increased digitisation of our business processes, the offer of cyber risk coverage through primary insurance and reinsurance, growing legal and regulatory requirements, and the constantly increasing risk of potential threats in the digital domain.

The guiding principle of the ISM & BCM Policy is to foster collaboration and permanent exchange between business and central unit stakeholders, information technology, risk management and data protection officers and is available for each employee.



Björn Trösken,
Security Risk Manager
at Munich Re

Question to Björn Trösken on data security in the Corona pandemic.

Most Munich Re employees have been working from home for a year due to the Corona pandemic. What additional measures has Munich Re taken to ensure IT security?

“The fact is that IT security did not present any real issues at lockdown. Mobile working has been possible for Munich Re employees for a long time and the necessary IT security infrastructure was set up accordingly. This means Munich Re employees can work from home in what is essentially a protected company environment and there is little difference from IT security at the office. In addition, almost every employee now has a mobile device instead of a permanently installed office computer as standard since the beginning of 2020. As a result, our employees were able to quickly switch to home office during the lockdown. Only data capacity had to be expanded at the beginning of the lockdown, but our IT team managed to meet this challenge quickly.”

Munich Reinsurance Company's Data Protection Officer acts as Group Data Protection Officer for the companies in the reinsurance field of business within the EU/EEA. The only exception are our UK subsidiaries, which, in light of Brexit, have already appointed a data protection officer of their own. Among other tasks, the Group Data Protection Officer aims to ensure uniform compliance with the guidelines across the EU/EEA, monitors the legality of IT-supported data processing, advises the respective companies on their duties under the applicable rules, answers staff questions about data protection, and acts as a first point of contact in communications with the supervisory authorities. He or she reports at least once a year to Munich Reinsurance Company's Board of Management about material data protection issues and improvements to the data protection management system. ERGO and MEAG have each appointed their own Data Protection Officers, who have corresponding responsibilities and obligations.

In light of its accountability, Munich Re uses an in-house IT tool to ensure compliance with data protection rules: The Compliance Web is designed to use a defined process to automatically submit every IT-supported processing of personal data directly to IT Security and the Data Protection Officer, among others. New changes to existing data processing operations are checked for compliance with legal requirements, documented and regularly monitored. The tool is also used to identify and manage data processing operations that pose a high risk to the rights and freedoms of individuals as part of a privacy impact assessment. The tool has also been used by ERGO since 2020.

Compliance gate process – how we manage to comply with global data privacy, cyber law and ethics

Checking IT-supported business processes quickly and easily:

- Fact gathering: Components, interfaces and data flows.
- Threat analysis: Check legal, organisational and technical controls.
- The maturity level methodology: Check as much as necessary, as little as possible.
- Risk assessment and management decision.

All units have to use the compliance gate process to fulfil GDPR requirements. If personal data from the EU is involved in a process it is mandatory to use this tool.

All staff members of Munich Re Group are bound to secrecy in all company matters, as long as it cannot be assumed that the information 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, we offer regular training sessions and other measures to heighten awareness. These help to ensure that our confidential data is suitably protected against unauthorised access,

as well as against malicious use, manipulation or loss. Any supplementary, company specific requirements and internal rules must be observed. A clear escalation process is in place, which employees can follow in the event that they notice something suspicious.

The employees of the companies in the reinsurance division, with the exception of some UK subsidiaries which use an equivalent tool, and the employees of ERGO are regularly trained in the basics of the GDPR with the help of an e-learning programme. For new employees, this e-learning programme is mandatory as part of their induction. In addition, there are area-specific classroom training sessions that are also mandatory. MEAG conducts face-to-face training sessions on data protection and information security once a year, which are mandatory for all employees.

Since 2018, all staff at Munich Reinsurance Company and ERGO have been trained on a regular basis using an e-learning course to ensure that they handle personal data carefully and in compliance with the provisions of the GDPR. In addition, mandatory classroom seminars have been introduced, with content targeted at the respective divisions. E-learning is mandatory for new employees as part of their induction. All staff at MEAG are required to undergo classroom training on data protection and information security once a year.

In 2020, no material data protection event, as defined in the Solvency II Group Compliance Policy, occurred anywhere in our Group worldwide, nor were any material proceedings instituted for breaches of data protection rules.



Sustainable focus for procurement

> GRI 103; 412-3

Our responsible corporate governance extends beyond our core business, and also influences our procurement activities. As a global organisation, Munich Re procures many different goods and services throughout the world. The benchmark in our procurement decisions is best total value in terms of the criteria quality, time and cost. Environmental and social aspects and good management practices also play a crucial role.

We have established appropriate procurement principles for working with our suppliers. Based on the principles of the UN Global Compact, our procurement principles help protect human rights, prohibit forced labour and child labour, and uphold both the freedom of association and the right to collective bargaining. Furthermore, they forbid corruption and enforce environmental protection. Accordingly – and as a requirement for cooperation – Munich Re expects its business partners to likewise commit to those of our principles that explicitly cover human rights and labour standards. Additionally, we

built a global core-model for digital supplier management and went live with the solution in our Munich headquarters in 2020. The core-model will be rolled out globally over the next 3 years, and will enable us to improve accessibility, acceptance and documentation of the UN Global Compact Principles among our global supply base.

Procurement departments at Munich Re (primary insurance and reinsurance) are responsible for including relevant corporate responsibility clauses in supplier agreements. We obligate our suppliers to recognise the UN Global Compact. In 2020, compliance with UNGC criteria was anchored in approximately 80% of our framework agreements. Should an infringement occur during the term of contract with one of our suppliers, we will actively seek dialogue with our contracting parties in an effort to remedy any deviations from our guidelines. If this does not prove successful, Munich Re reserves the right to extraordinary termination for good cause.

Online content: [More about our procurement](#)


Transparency and legal conformity in all tax matters

> GRI 103

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

Compliance with applicable laws and internal rules and principles is binding for all employees of Munich Re. Compliance in general and tax compliance in particular are key components in all of our processes. Munich Re aims to be a law-abiding, transparent and responsible taxpayer. For that reason, we give absolute priority to meeting all of 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 and 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. An internal escalation process is in place. Employees can report compliance breaches directly to the tax department and anonymously to the whistleblowing portal. In Munich, Munich Reinsurance Company has a tax compliance management system in place certified by a third party. 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** within our download center.

Locations outside Germany are chosen primarily on the basis of business considerations. We are represented through subsidiaries or branches in all of 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 which we create have adequate economic substance. 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 all applicable laws. Transactions with Group companies are at arm's length in accordance with OECD requirements. Our tax expenditure by country can be found in our public Tax Transparency Report.

A responsible approach to advocacy

> GRI 102-13; 103

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

Our main focus is on topic areas that affect our Group and our stakeholders, in which we possess particular expertise. In areas like climate protection, data security or investments in infrastructure our corporate interest and business attitude matches the general societal interest.

We actively participate in a number of 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). The Public Affairs department within the central

division Economics, Sustainability and Public Affairs is responsible for representing our interests vis-a-vis governments, national and supranational authorities, associations and other organisations on behalf of the Munich Re Group.

In 2020, our main areas of focus were the following topics and activities:

Digitalisation

We support 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. A further objective is to facilitate the development of innovative products and services to exploit the benefits of digitalisation. Further information can be found in the  **chapter on digitalisation**.

Cyber risk

The cost impact of cyber-attacks on an economy can rival those of natural disasters. Munich Re is active in the field of services that mitigate cyber risks and provide financial protection following a cyber incident. Underwriting cyber risks in the insurance sector is also gaining increased attention from us. We monitor developments in this sector closely and will continue to contribute to the appropriate handling of associated opportunities and risks.

Global Insurance Capital Standard (ICS)

The creation of a global capital standard for insurance companies poses a major challenge for companies and supervisory authorities. The suitability of ICS will be tested over a five-year monitoring period (2020–2024), in which we already participate.

Sustainable finance

We are engaged in the design of the EU action plan for sustainable finance by participating in consultations on legislative procedures and in surveys by the supervisory authorities.

Climate change

We support the resolutions of the Paris Climate Protection Agreement. And we factor climate effects into our business processes at risk measurement, business development and asset management levels. We also participate in public and private initiatives to develop and market innovative insurance solutions for climate risks.

Regulation of systemic risks

Traditional re- and primary insurance activities are not systemically relevant. At no time has Munich Re been identified as a global, systemically important insurer (G-SII). A holistic approach to assessing and mitigating systemic risks is currently being tested, focusing on systemically relevant activities and providing a comprehensive integration of macroprudential aspects into the regulatory framework.

Munich Re places particular importance on transparency in all lobbying activities. Along with the information in the CR Report, we provide details to the transparency register of the European Parliament and the European Commission on focal points, memberships and the cost of our lobbying activities. Since 2020, we have been reporting on the costs as part of a Group-wide survey. Further information can be found in the [key figures section](#).

Political involvement

> GRI 415-1

Munich Re Group supports the democratic political process and, to this end, donates to the following German political parties: Bündnis90/Die Grünen, CDU, CSU, FDP and SPD. These parties each receive an identical donation with no conditions attached. Munich Re and ERGO each pay for 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. Since 2020, compliance with the [Guideline on Donations and Sponsorship](#) as well as political involvement is monitored Group-wide as part of our annual monitoring process with a coverage of over 95 percent. Further information can be found in the [key figures section](#).

Independent journalism

Munich Re respects the principle of journalistic independence and favours a strict separation between journalism and public relations work. We therefore comply with the guideline on dealing with journalists issued by the German Public Relations Association (DPRG) and the statutes of the German Council for Public Relations (DRPR).

Online content: [More about independent journalism](#)



Respecting human rights at all times in all places

> GRI 102-12; 412-2

At Munich Re Group, our business model is tied to responsible, sustainable and forward-looking action over the long term. We regard the protection of human rights as a particular obligation and strive to do so in line with internationally accepted human rights principles. It is part and parcel of our approach to corporate governance, which builds economic, environmental and social requirements into our definition of success. The Board of Management has confirmed this commitment by clearly stating the Munich Re Group's declaration of principles on human rights.

Commitments

In addition to observing the standards specified by the UN Global Compact, PSI, and PRI, Munich Re Group is committed to respecting human rights as defined in the following human rights-specific principles:

🌐 **UN Guiding Principles on Business and Human Rights**

🌐 **International Bill of Human Rights,** which consists of:

- 🌐 **Universal Declaration of Human Rights**
- 🌐 **International Covenant on Civil and Political Rights**
- 🌐 **International Covenant on Economic, Social and Cultural Rights**
- 🌐 **ILO Declaration on Fundamental Principles and Rights at Work**

Key components of human rights management

Munich Re Group has committed to observing its duty of care on human rights along the entire value chain, and to respect internationally recognised human rights. To this end, we have developed a due diligence process that covers the key components of human rights due diligence:

- Commitment of the Board of Management to respect human rights
- Identifying and assessing human rights risks and impacts
- Implementing measures and monitoring
- Reporting and communication
- Remedy and grievance mechanism

Identifying and assessing human rights risks and impact

In a systematic evaluation of potential risks, Munich Re Group defined the following four dimensions as critical to upholding human rights: employees, procurement, our insurance business (primary insurance, reinsurance), and investment management. For each of these dimensions, we identify, assess and, if necessary, mitigate potential risks with regard to the infringement of human rights.

We place particular emphasis on insurance business and investment because of its potentially high impact. And we have specific analysis tools in place to monitor it.

As regards our insurance business and investments, we systematically take environmental, social and governance (ESG) criteria – including the observance of human rights – into account as part of the risk assessment and decision-making processes. Find more information in the **📄 core business chapter**.

In addition to these ESG guidelines, we have created a risk mapping tool for human rights. This tool is designed to aid all employees in insurance and investment in categorising and evaluating countries and economic sectors as per various indices and human rights topics. We consider the following topics when mapping risks by country: child labour and forced labour; discrimination on the basis of gender, sexuality or religion; corruption; threats to communities; restrictions on people's liberty or freedom; international and domestic conflicts. When we analyse sector risks, we focus on working conditions, child labour and forced labour, occupational health risks, and the sources of commodities.

Implementing measures and monitoring

For each of the four risk dimensions that we have defined – employees, procurement, our insurance business and investment management – we have implemented measures, guidelines, and governance instruments. This enables us to reduce or mitigate risks with regard to violations of human rights; these approaches also guide our decision-making in line with conscientious management practices.

Employees

As an employer, we undertake to observe international human rights standards and provide optimum working conditions for our staff. For further information on occupational health and safety, promoting diversity, equal opportunities and labour rights please refer to the **📄 human resources section** of this report.

Procurement

With regard to all our procurement decisions and activities, we always observe the principles of compliance and we embrace corporate responsibility throughout the value chain. Environmental, social and governance (ESG) criteria play a pivotal role in our procurement of goods and services. Please refer to the **📄 procurement section** of this chapter for more details.

Insurance

A set of underwriting guidelines defines how all underwriters and client managers are to handle ESG risks in insurance transactions. If we identify human rights risks during risk assessment (underwriting), we engage with the contract partner to discuss mitigation measures. Binding guidelines or best practice recommendations were drawn up for topics and industry sectors deemed sensitive by Munich Re Group; they

are applicable for reinsurance, primary insurance and investment. These documents place particular emphasis on child labour and forced labour in mining, farming, and along their respective value chains, as well as the forced resettlement of indigenous communities as part of large infrastructure projects. Human rights risks that threaten our reputation are presented as part of due diligence to the Reputational Risk Committee (RRC), which will take a decision and possibly reject the risky course of action.

Investment

We follow a sustainable approach to investing that respects human rights by observing the Principles for Responsible Investment (PRI) and our Group-wide Responsible Investment Guidelines (RIG). Please refer to the [↘ responsible investment section](#) of this report for more details.

In the interest of raising awareness of human rights, all Munich Re Group employees worldwide must complete training and pass a test on our Code of Conduct every two years. This ensures that they know the key compliance rules and understand the need to always follow these rules at work. This training course includes information on topics such as the German General Act on Equal Treatment, reporting of infringements, data protection, and corruption.

Suitable monitoring systems help us examine the effectiveness of our measures. We strive to continually improve our processes of due diligence and expand our screening of risks; we also regularly raise awareness of human rights among our staff and business partners.

If we learn of a violation of human rights the Munich Re compliance unit will look into the violation. An investigation is then launched, which follows a procedure defined in an internal set of guidelines. Every potential instance of misconduct will be investigated and clarified.

If we learn of human rights violations in an existing contractual relationship, we will engage in dialogue with the responsible stakeholders and seek to put risk-mitigating measures into practice.

Reporting and communication

The following documents detail how the Munich Re Group abides by its responsibility for human rights: our Corporate Responsibility Report, our combined non-financial statement, our annual UN Global Compact Communication on Progress (CoP), our annual reports on the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI).

In line with the UK Modern Slavery Act Munich Re and relevant subsidiaries issue an annual statement on the ways in which they combat human trafficking and forced labour.

Remedy and grievance mechanism

The compliance [↘ whistleblowing portal](#) of Munich Re Group allows employees, clients, suppliers and other business partners to report potential or factual human rights violations. Whistleblowers can access the portal by using the internal web or the publicly accessible Munich Re website. Employees can also report incidents to their direct managers, the Compliance Officer or Group Audit. For more information, please refer to the compliance chapter above.



02_Core business

A sustainable approach to core business

The focus of our corporate responsibility is on our core business – which involves the assumption and diversification of risks in primary insurance and reinsurance, as well as investment. We know that we can only achieve long term economic success through responsible action. That is why the objective of sustainable economic value creation is anchored in the core principles of our corporate strategy. In our underwriting and investment, we set out to achieve the greatest possible impact for our Group and for society by taking into account environmental, social and governance aspects (ESG).

In addition, the fact that we have signed the Principles for Sustainable Insurance (PSI), the Principles for Responsible Investment (PRI) and in 2020, joined the Net-Zero Asset Owner Alliance (AOA) highlights our commitment to responsible action. These voluntary commitments go well beyond what is required by law or by supervisory regulations.

Our actions are guided by the key topics we have identified for reinsurance, primary insurance, and investment in our materiality analysis. In addition to committing to a strong client focus and the integration of ESG aspects into our business, we attach special importance to responsible products, services and sustainable investment. Further key topics embraced by our core business include climate change and digitalisation. We put a special focus on our climate



change-related risk management approach and report according to the TCFD standard.

We have also set ourselves a series of sustainability targets. More specifically, our aim is the consistent integration of ESG criteria into all processes at Munich Re in the fields of both insurance and investment. Furthermore, we are committed to continually refining our climate strategy and to adopting ethical standards essential to ensuring we handle artificial intelligence in a responsible manner. With the Ambition 2025, we set ourselves new ambitious climate targets for 2025 and beyond. Further information on our objectives and the progress achieved in 2020 can be found in the

target table in the [corporate governance section](#) and in the individual topic areas in this section.

Corporate responsibility in insurance business

> GRI 103; 201-2; 203-1; 203-2

Our business is the assumption and diversification of risks in primary insurance and reinsurance. We possess strong leverage for sustainable action by

linking economic success with added value for society. In our insurance business, we principally achieve this through a strong client focus, by offering responsible products and services, and through the integration of ESG aspects. This is also manifested in our Code of Conduct. The following sections describe how we manage ESG risks in our underwriting business and how we create positive impact with our risk-transfer solutions.

Excerpt from our Code of Conduct

As a Group, we aim to ...

- ... make a positive contribution to the environment and society with our conduct;
- ... observe ESG principles on sustainable economic development;
- ... fund projects and work with partners worldwide to support solutions to social challenges.

As a member of staff, this means that ...

- ... I consider ESG aspects in my work;
- ... I consult the respective bodies when our reputation is at risk;
- ... my decisions at work actively support our environmental and climate goals.

Managing ESG risks

We systematically take ESG aspects into account in our insurance business. This applies both to our internal underwriting processes and our products and services.

Many industries and projects can have a major impact on the environment and local communities – Munich Re takes its responsibility as a global insurer seriously and has a stringent process in place to manage these potential impacts. This process also enables us to identify ESG aspects that might otherwise increase underwriting risks and to minimise them in cooperation with our clients and business partners. We also make use of collaboration with other partners, institutions and non-governmental organisations (NGOs).

Our ambition to comprehensively manage ESG risks in our business is also mirrored in our commitment to the PSI initiative on ESG integration. Munich Re played an active role in shaping an initiative by PSI, which published a compilation of best practices for assessing sustainability risks in non-life insurance for the first time in June 2020. The proposed ESG standards are the result of several years of collaboration among leading insurers and key stakeholders at the global level. They illustrate to insurers, as well as brokers, the systematic approach to ESG issues. We are continuously developing our own benchmarks for assessing ESG risks, also taking into account the standards developed by the PSI initiative. We report annually on our progress with the integration of the

 **PSI principles.**

Relevant ESG criteria

We have identified twelve generally valid ESG aspects that are taken into account in our insurance business risk assessment and in investment transactions.

ESG aspects for corporate responsibility in (re)insurance and investment



Environment

- Natural resources and biodiversity
- Pollution
- Climate change



Society

- Political environment and public perception
- Human rights
- Working conditions
- Cultural heritage
- Resettlement of people
- Health and safety of the community



Governance

- Responsible and careful planning and assessment
- Compliance
- Consultation and transparency

In addition, we have identified seven sensitive topics or sectors. Binding guidelines or best practice recommendations were drawn up for these topics, which are applicable for reinsurance, primary insurance and investment.

Sensitive issues: Munich Re positions and measures



Banned weapons:

Policy on cluster munitions and land mines



Coal:

Policy on coal business underwriting and investments



Arctic drilling:

Guidelines, risks to be referred to Arctic Drilling Panel



Oil sands:

Policy on oil sands business underwriting and investments



Fracking:

Position paper including specific questions on ESG aspects



Mining:

Position paper including specific questions on ESG aspects



Investments in farmland:

Mandatory ESG check for investments

The following exclusions apply for our insurance business:

There is a Group-wide policy applicable for banned weapons, stipulating that Munich Re does not insure or invest in companies that manufacture cluster bombs or land mines, or in companies that trade in them or transport them. This applies where such transactions or operations are known.

Regarding the coal sector, Munich Re stopped insuring the construction and operation of new coal-fired power plants or new coal mines as individual risks in industrialised countries, as well as in the bulk of emerging markets. There may be a small number of exceptions in countries where a substantial portion of the population (more than 10%) has no access to electricity. These are reviewed on a case-by-case basis, but no exceptions have been granted so far. In 2019 we discontinued the insurance and reinsurance of individual risks of oil sands mining projects and related infrastructure. These exclusionary policies 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.

Integration of ESG criteria in our business

Risk-based management established Group-wide Strategic decisions on the implementation of ESG aspects are generally made in the [Board of Management and its respective committees](#). ESG criteria are factored into the remuneration system for the Board of Management, with regard to both the annual and medium-term bonuses for members of the Board of Management. In 2020, the Supervisory Board decided on precise [ESG indicators for board targets](#).

Ambition 2025 - underwriting with high and credible ESG standards

As part of our Ambition 2025 programme, Munich Re's Board of Management re-enforced its commitment to integrate high and credible ESG Standards into its underwriting processes. This included ambitious climate protection targets for (re)insurance transactions. The new climate strategy aims to reduce net carbon emissions from primary, direct and facultative insurance for oil and gas production to net-zero by 2050. At the same time, Munich Re will reduce its coal-related exposure in its direct and facultative insurance business by 35% worldwide, before eliminating this exposure altogether by 2040.

The individual business units at Munich Re each have responsibility for the business they write, with regard to both underwriting and ESG aspects. Munich Re Group has clear and structured processes in place to ensure the integration of ESG criteria across our underwriting units.

Training courses and networks secure competency transfer

We offer targeted training programmes to qualify our staff and develop their competence in relation to ESG aspects. These are tailored to the individual business activities and regions, include training on the practical implementation of our underwriting guidelines, and provide information on current sustainability topics. The training courses are intended for managers, underwriters, client managers, business analysts and trainees in the business units. The training formats are also open to all other interested staff members and have

become an integral part of our client seminars. More than 800 staff members worldwide have already been sensitised to ESG aspects in this way. Our aim is to continually improve our training formats, for example through the establishment of e-learning programmes.

Network of ESG coordinators

A network of ESG coordinators in the field of reinsurance ensures additional anchoring of ESG topics in the business units. Staff members function as multipliers, actively sharing their knowledge of ESG integration within their own department, for risk assessment, in client discussions and in exchanges with other divisions.

Guidelines and tools

Binding guidelines or best practice recommendations were drawn up for these topics, which are applicable for reinsurance, primary insurance and investment. An ESG tool specifically tailored to the topics described above helps our underwriters to systematically take ESG aspects into account when performing risk assessments. Furthermore, a tool specifically tailored to human rights, has been rolled out.

Clear escalation processes

In cases where underwriters are in doubt, experts in the sustainability and underwriting units provide advice, which also takes external data sources such as the RepRisk database into account. If a transaction involves significant reputational risks, these cases are escalated to the Reputational Risk Committee (RRC) for Reinsurance and the Reputation and Integration Committee (RIC) at ERGO. These committees analyse and assess specific reputational issues and ESG risks relating to individual transactions and make recommendations on accepting or rejecting a particular risk. For reinsurance, in cases of particular importance to

the business, the decision about a transaction can be escalated to the Global Underwriting Committee (GURC), which is also staffed with members of the Board of Management. In 2020, Group-wide about 30% of the cases submitted to the RRCs were declined. In the Internal Risk Report, we regularly detail any significant reputational risks for Munich Re.




Due to the continuous review by the respective business units, numerous offers were declined for ESG reasons without being submitted to the RRCs. Further information on the approach of the RRCs can be found in the combined non-financial statement within the [annual report](#).



Positive impact through innovative solutions

Munich Re is uniquely positioned to develop innovative insurance solutions for ESG risks, which enables us to create a positive impact for society and the environment while opening up new business opportunities. The Sustainable Development Goals (SDGs) are an ideal framework for us to map and assess our impact with regard to our insurance solutions.

Find detailed descriptions about selected solutions below the table.

SDG	Examples
	Inclusive insurance <ul style="list-style-type: none"> • Agricultural insurances with parametric covers <ul style="list-style-type: none"> - Weather index insurances - Yield index insurances - Further parametric insurances - Index solutions for small scale farming • Other agricultural reinsurance solutions <ul style="list-style-type: none"> - Crop hail insurance - Multi-peril crop insurance (drought, excessive rainfall, frost, windstorm, etc.) - Revenue insurance: natural perils (drought, excessive rainfall, frost, windstorm, etc.) linked to commodity price fluctuations - Greenhouse insurance: failure of technical facilities (e. g.: heating, irrigation systems) and natural hazards (hail, wind, etc.) - Private Public Partnerships PPP (government & reinsurance industry) • Caribbean Catastrophe Risk Insurance Facility (CCRIF) Livelihood Protection Policy
	
	Epidemic risk transfer solutions <p>Famedic</p> <p>HDFC Vector borne disease</p> <p>Give a Breath-Challenge - Innovations that save lives</p> <ul style="list-style-type: none"> • MIRA Digital Suite: Accelerate the risk assessment process dramatically • Reinsurance solutions for Life/Health • ERGO/DKV health solutions (German language only)

SDG	Examples
	Risk-transfer solutions for on- and off-shore wind power - EPC coverage <ul style="list-style-type: none"> • Risk solution for the bioenergy industry • Photovoltaic warranty insurance • Insurance covers for electrical energy storage systems (EES) • Insurance for weather risks with regard to energy production incl. renewables • HSB Energy Efficiency insurance
	African Energy Guarantee Facility (AEGF) Opus 12 (Munich Re Ventures invest) <ul style="list-style-type: none"> • Climate KIC: Clean tech start-ups • ERGO Eco-Rente Chance (German language only)
	NatCatSERVICE - database and services Location risk intelligence platform <ul style="list-style-type: none"> • Infrastructure Risk Profiler • One Cat - Insurance for natural catastrophes
	FONDEN (Fondo Nacional de Desastres Naturales) <ul style="list-style-type: none"> • DKV EcoHogar - ecological household insurance
	Australian Round Table for risk disaster Institute for Business and Home Safety (IBHS) <ul style="list-style-type: none"> • Earthquake/landslide risk protection of Indian city by Munich Re & GeoHazards International • Insurance Development Forum IDF • InsuResilience Global Partnership • MCII Munich Climate Insurance Initiative • Geneva Association: Climate Change Risk Assessment for the Insurance Industry • ClimateWise



Inclusive insurance solutions

As an insurer the protection of livelihoods is at the core of our business. Munich Re along with the Munich Re Foundation, international NGOs and other institutions, supports the development of inclusive insurance solutions adapted to the needs of low-income groups in emerging and developing countries.

Inclusive insurance protects livelihoods in India

HDFC ERGO in India markets a wide range of micro-insurance policies in the rural sector, including weather-indexed, health, personal accident and fire, as well as special coverages for farmers. HDFC ERGO strives to provide solutions to customers partnering with entities focused on customers at the bottom of the pyramid by developing innovative distribution solutions. The insurance products are easy to understand and focus on standardisation to generate economies of scale. One example is the Group Hospital Cash Policy in the state of Odisha, India, in partnership with HDFC BANK Sustainable Livelihood Initiative. This policy covers all microfinance loan customers under a very nominal premium (less than 3 euros) which gives them a fixed benefit per day in the event of any hospitalisation. Another example is the weather insurance for crop losses on behalf of the Indian government by HDFC ERGO General Insurance Company.

Agricultural reinsurance solutions – Private Public Partnerships

Today, farmers find it more and more difficult to rely on stable crop yields. To counteract this trend, particularly in poorer countries, initiatives from the World Bank and other multilateral institutions, non-government organizations and donors increasingly turn to agricultural

insurance. This also has application in industrialized countries where, for example, they make widespread multi-peril crop insurance possible.

Governments and the insurance industry support farmers to make long-term investments without incurring substantial risks. Public-private partnerships (PPPs) are part of an intelligent solution at national level in which farmers, governments and the insurance industry work together. Our role is to connect the different players and develop optimum solutions, based on our expertise and global business connections.

Online content: Explore our solutions for the agricultural sector



Solutions for health and well-being

Given that our primary insurer, ERGO, is the second-largest private health insurer in Germany, health is a focus topic for the Group. Furthermore, Munich Re provides the health sector with services and offers a broad spectrum of products and services through reinsurance. This includes innovative solutions and proprietary research on medical risks. This was especially relevant in light of the corona pandemic which challenged the world in 2020 and beyond.

Famedic Plus

DKV Health Insurance in Spain provides Famedic Plus, which is among the most affordable family health insurance options for up to 8 family members without age limit. And it also provides free and unlimited general consultations in the main medical specialities without any need for up-front health checks. In addition, it offers access to the “I want to care more for myself”

app, through which a virtual consultation with a doctor can be arranged 24 hours a day, via chat, call or video call. Furthermore, insured people get discounts on all medical specialities and complementary tests. To date, Famedic has attracted more than 60.000 clients.

ERGO HDFC cover for vector borne diseases

Many infectious diseases such as dengue fever, malaria, chikungunya, Japanese encephalitis and numerous others are transmitted by mosquitos. They may be small but are not to be underestimated. Mosquitoes can prove to be deadly and put millions of lives at risk each year. More than half of the world’s population share their natural habitat with these insects and are regularly exposed to the risk of diseases. HDFC ERGO identified the necessity and importance of this protection and provides an innovative insurance product, the “Mosquito Disease Protection Policy” for the Indian market. The policy offers coverage for hospitalisation due to any mosquito-borne disease, which adds to the burden of expense or affects the cumulative bonus of any standard health insurance. Alternatively, the policyholder may opt for a lump sum amount to be paid on providing proof of hospitalisation.

Give a Breath-Challenge – innovations that save lives

Against the background of the corona pandemic, Munich Re and the Fraunhofer-Gesellschaft launched the **Give a Breath-Challenge** in March 2020. The objective is to promote innovative ideas that can help people who have contracted the new coronavirus and, to this end, Munich Re and Fraunhofer contributed their own expertise and networks along with funding totaling €1m. Munich Re and Fraunhofer began by looking for feasible, digitally distributable construction drawings and blueprints for emergency ventilation equipment. And the eventual aim was to provide emergency equipment for the treatment of “non-intensive-care COVID-19



»Innovation is the motor of society and the economy – and initiatives like the Give a Breath-Challenge drive it ahead. Those who took part have demonstrated that with creativity, commitment and tenacity, possibilities for helping save people's lives can be created quickly.«

_Torsten Jeworrek, Member of the Board of Management

patients" where the capacity of the local health systems is no longer sufficient and patients therefore face immediate danger to life and limb. The challenge was split into three categories. The first was for designs of non-invasive lung ventilators and oxygen concentrators; the second was for the development of non-invasive respirator masks; and the third was for the provision of information on the use of the equipment developed

as well as basic knowledge on Covid-19 for any additional support staff needed. These three components make it possible to set up a complete respirator system anywhere in the world using 3D printing or other rapid manufacturing processes.



Climate impact solutions

One of the greatest challenges facing humanity is climate change. As members of the (re)insurance industry we are particularly sensitive to the consequences of climate change because it directly impacts our business. This has made us dedicated experts of the topic and has given us a solid understanding of just how urgently local and global solutions are required on the climate front. Key to mitigating climate change is the enabling of new technologies for clean power generation, transportation, energy storage and industrial production.

Innovative insurance solutions for on- and offshore wind power

Munich Re's Green Tech Solutions team pools expert resources and know-how in the field of renewable energies and pushes the limits of insurability with solutions for areas such as electrical energy storage systems, risk-transfer solutions for on- and off-shore wind power or insurance for e-mobility. Regarding the example of wind farms, we offer manufacturers and suppliers of wind turbine generators our support in dealing with losses that can have a serious impact on the performance of their businesses. Engineering, Procurement and Construction (EPC) cover protects EPC contractors and component suppliers against the impact of large warranty claims due to e. g. faulty construction (certified design). The Green Tech Solutions team of Munich Re

developed and placed one of the largest guarantee covers in the renewable energy sector. It involved more than €560m offshore wind EPC performance cover of which Munich Re underwrote 200m as lead.

Online content: Learn more about our solutions for on- and offshore wind power

African Energy Guarantee Facility

We offer another, equally innovative approach with the support of the European Commission (UN Sustainable Energy for All initiative), the KfW Group, the European Investment Bank (EIB) and a local primary insurer, the African Trade Insurance Agency. It provides coverage for political risks (such as government defaults on electricity purchase agreements, expropriation, breach of contract, war, and civil unrest) specifically associated with renewable energy projects in Sub-Saharan Africa. The **African Energy Guarantee Facility (AEGF)** is available for tailor-made insurance solutions to facilitate investments in predominantly long-term oriented energy projects.

Munich Re Ventures invest in technology to convert CO₂

Munich Re Ventures made investments in areas such as legal tech, supply chain, energy, and space and climate friendly solutions such as **Opus 12**. Opus 12 has developed a device that converts CO₂ into valuable chemicals and fuels that are cost-competitive with conventional products. Their device bolts onto any existing source of industrial CO₂ emissions and, using only water and electricity as inputs, converts those emissions into some of the world's most critical chemical products. They have the potential to reduce the carbon footprint of the world's heaviest emitters, while creating a new revenue stream from what is discarded today as a waste product.



Resilient communities

The insurance industry can help make societies more resilient in the face of disasters. And this is particularly true in poorer regions of the world, where improving risk management and resilience are critical elements in mitigating the impact of humanitarian disasters and facilitating sustainable economic growth. We endeavour to enhance risk awareness in the following fields of action: Mitigating the risks from natural disasters and collaborating with partners to strengthen resilience.

Munich Re's NatCatSERVICE – data on natural disasters since 1980

Munich Re's NatCatSERVICE is one of the world's most comprehensive databases for analysing and evaluating losses caused by natural disasters. To develop this service, Munich Re has systematically recorded all essential information on loss events worldwide for decades. This information is stored in a digital catalogue of events and damage.

Online content: Learn more about our NatCatSERVICE

Location Risk Intelligence

Building on our nat cat data, our risk assessment tools include Munich Re's Location Risk Intelligence solution, a cloud-based analysis tool that assists clients and partners in assessing risks from natural hazards (Natural Hazards Edition), and climate (Climate Change Edition) around the world. The tool allows the analysis of anything from individual locations to entire portfolios, which helps accelerate business processes and improve both portfolio and claims management.

In the Natural Hazards Edition, risk assessment is carried out using a series of map layers with hazard and risk ratings based on Munich Re's nat cat risk models. These

models in turn are based on a combination of scientific knowledge on different perils, such as hurricanes, earthquakes, floods, etc. and the evaluation of such historical events and the associated claims experience.

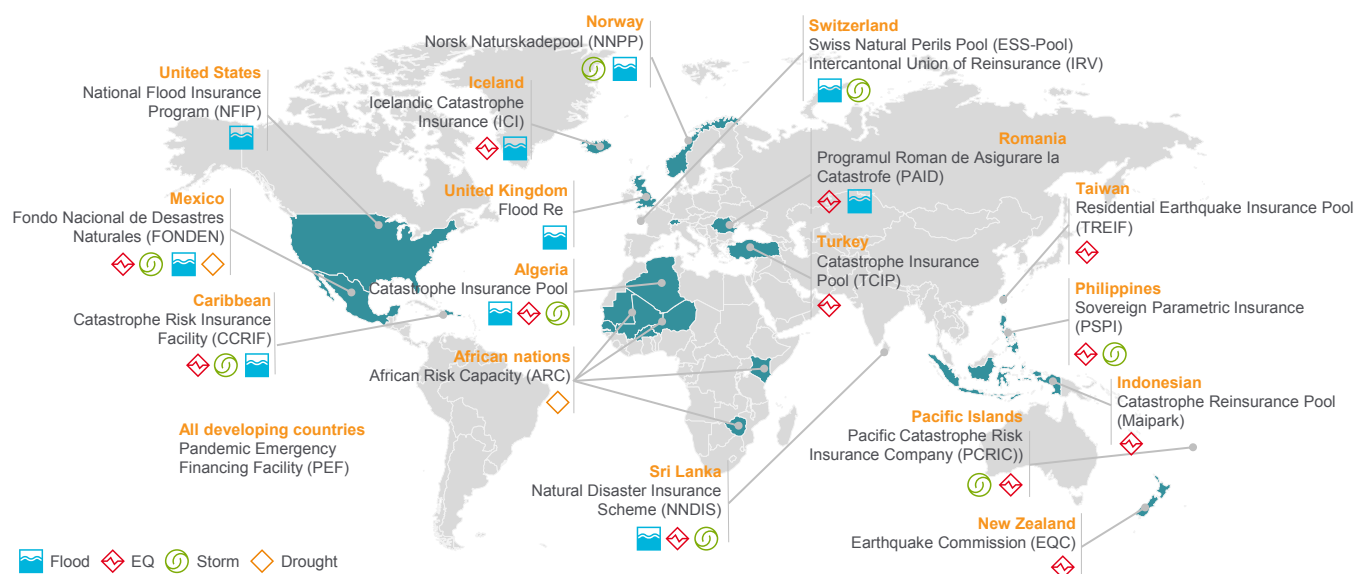
The assessments of the Climate Change Edition are based on internationally agreed scenarios for greenhouse gas emissions, the so-called Representative Concentration Pathways (RCP) scenarios up to 2100. A modular software solution, it allows companies to analyse climate change risks for their assets or liabilities on a location-specific basis.

Online content: Learn more about the Location Risk Intelligence Solution

FONDEN

The Mexican government focuses on protecting its public assets stock by reducing the adverse fiscal impact of natural disasters. Different asset classes amounting to almost 250 billion USD are insured through **FONDEN** (Fondo Nacional de Desastres Naturales) which is effectively a state-owned catastrophic risk fund that makes use of international reinsurance. Mexico implemented FONDEN for the specific purposes of risk financing, risk transfer, and enhancing governance of loss adjustment. Good governance significantly reduces costs of reconstruction as it avoids having to compensate for pre-existing damages and reduces the risk of wilful destruction, cost inflation, and fraud.

Sovereign and public-private nat cat risk transfer schemes



Source: Munich Re



Partnerships for innovative solutions

Partnerships with our clients, science and a broad range of experts are an integral part for the development of innovative solutions.

Here are two examples of our numerous partnerships:

Australian Round Table for Disaster

We are a founding member and active participant in the Australian Business Roundtable for Disaster Resilience and Safer Communities (ABR). Australia is highly prone to natural disasters, which include devastating floods, cyclones and bushfires. The ABR was founded to promote the development of a sustainable and nationally coordinated approach to managing natural disasters. Most members of the initiative are leading companies or aid organisations.

Institute for Business & Home Safety (IBHS)

In the United States, Munich Re America, American Modern Insurance Group and Hartford Steam Boiler (HSB) partner in supporting the Insurance Institute for Business & Home Safety (IBHS). Independent experts and scientists use natural catastrophe and hazard scenarios to check the safety and construction standards of buildings for private and commercial use. The results of this research are then incorporated into the US building commissions and regulations as a recommendation.



Customer satisfaction is key to success

> GRI 103; 417-1

Maintaining a close and trusting relationship with our clients is of crucial importance for the success of our (re-)insurance business. For that reason, we want to understand our clients' needs and develop the best solutions for them in a process of dialogue.

At Munich Re, we manage this dialogue and solutions offerings on the basis of clients' needs and their growth ambitions. The process includes an analysis of the markets and major players, and the implementation of individual reinsurance solutions for our clients. The client managers are supported by a central sales unit, which ensures transparency in relation to the Group-wide product and service landscape.

Munich Re conducts global customer satisfaction surveys of all of its reinsurance clients every other year – the most recent one took place in September 2020. It looks at the Net Promoter Score (NPS) and client satisfaction in connection with various aspects of the business relationship. The result was very pleasing with a very high response rate of 35%. This extraordinary response rate reflects the positive attitude of our clients towards us and shows their willingness to have a continuous dialogue with us. The overall NPS and most of the feedback is favourable and encouraging, but there are also critical remarks that are valuable in order to help to improve our service even further.

Additionally, we introduced a set of questions about the importance of ESG criteria. Our clients believe that Munich Re pays on average more respect to ESG criteria than our competitors. We furthermore asked our customers whether they believe that MR employees have the skillset to support their future business development. Again, the response was very reassuring for MR, supporting the fact that MR's employee base is very knowledgeable and well respected in the industry.

In addition to the regular customer satisfaction survey, Munich Re has implemented a variety of measures geared towards consistently improving client relationships. To supplement the centrally managed survey, the operational units obtain regular feedback from their clients.

In order to allow us to respond proactively to suggested improvements from our clients, we offer a comprehensive training programme for all staff members who have direct client contact. The aim is to develop an

understanding of the clients' strategies and requirements, so that we can work out solutions together. Our clients seem to value that approach.

In Germany, ERGO accompanies customers in every phase of life and attaches great importance to clear communication, high quality advice, transparent and easily accessible products and numerous feedback opportunities. In Germany, customers are advised according to a standardised advisory approach (ERGO Compass). This records individual needs and wishes and thus ensures high quality advice across the board. Intermediaries can access a wide range of training courses to strengthen their service and advisory skills. Not least, in order to check the quality of advice, ERGO regularly commissions test customers.

ERGO customers can also help shape the company as participants in the online community, the ERGO customer workshop (*ERGO Kundenwerkstatt*), as well as in direct exchange and with suggestions and criticism via numerous social media platforms. ERGO also employs a User Experience Lab to get direct feedback on new products or the online presence. In addition, the Market Management department systematically surveys numerous contact points. Individual customer complaints are also recorded and evaluated. And all feedback is used as the basis for improvements in the various areas.

In 2020, 24 surveys were carried out in the ERGO customer workshop. Around 9,500 times customers took the opportunity to give us their feedback on products and services.

ERGO adheres to the code of conduct for the sale of insurance products of the General Association of the German Insurance Industry and also participates in its "Well Advised – The further training of insurance brokers in Germany initiative". A separate code of conduct for independent sales partners stipulates all values that form the basis of a trusting customer relationship as well as the values needed for successful cooperation between the company and sales partners.

Online content: Find more information about ERGO customer workshop



Responsible investment

> GRI 103; 201-2; 203-1; 203-2

Our business model as an insurer has a long-term focus, therefore sustainability criteria play a key strategic role in investment. We are obligated to invest our clients' money sensibly and profitably in a manner that adheres to strict security and return requirements. Which is

why we integrate material Environmental, Social, and Governance (ESG) aspects into all our investment decisions and offer responsible products and services.

Sustainable investment strategy

🌐 **The Principles for Responsible Investment** (PRI), of which Munich Re was a founding member, provide the fundamental framework for Munich Re's sustainable

investment approach. On this basis we have established a binding Group-wide Responsible Investment Guideline (RIG), which covers all requirements regarding PRI and ESG that concern Munich Re Group's investment management, including binding exclusion criteria for investments. In addition, we have developed our investment strategy further to include a net-zero climate commitment based on joining the 🌐 **Net-Zero Asset Owner Alliance** (AOA) in 2020. These goals are also anchored in the "Munich Re Group Ambition 2025".

The PRI aim to improve the understanding of environmental, social and corporate governance impacts of investments and to support PRI signatories in integrating these issues into their investment decisions. Associated with this are reporting obligations, known as the PRI Assessment. In the current PRI Assessment 2020, one highlight was the fact that Munich Re achieved the top grade (A+) with the maximum number of points possible in the "Strategy and Governance" module.

The sustainable management of our investments rests on three pillars:

1. Defined exclusions
2. ESG integration
3. Climate strategy

This approach helps us identify further risks and opportunities by going beyond standard financial analysis. We are convinced that the integration of ESG criteria leads to better investment decisions in the long term.

In addition, Munich Re focusses on creating a positive impact through its investments in renewable energy, green bonds and sustainable financial products by MEAG and ERGO.

Sustainable investment governance

Strategic decisions for sustainable investments are made by the Board of Management or one of its committees. The Chief Investment Officer (CIO), as a member of the Board of Management, is responsible for the investment management of Munich Re Group. The Group Investment Management (GIM) unit is responsible for the sustainable investment strategy of the Group as asset owner, having established a dedicated ESG team.

At the beginning of 2021, an ESG Investment Committee was established to discuss and decide on the implementation of the ESG investment strategy. Beside the

dedicated ESG team, there are also ESG multipliers throughout GIM in order to further integrate sustainability across the whole investment value chain. On the asset management side, MEAG also has a dedicated ESG team in place, which is supported by ESG multipliers across the different portfolio management teams. At MEAG, a Reputational Risk Committee (RRC) assesses specific reputational issues and potential reputational risks in relevant investment transactions, including ESG risks.

Munich Re's investments are largely managed by MEAG, the global asset manager of Munich Re and ERGO. This ensures that the Group's investments are managed in conformity with uniform policies and principles. The sustainability specialists of MEAG focus on the

continuous strengthening of ESG integration across all asset classes, which is one of MEAG's priorities for 2021. MEAG's Board has also adopted a MEAG Sustainability Strategy that underlines MEAG's commitment to become an ESG leader in asset management.

Online content: [Learn more about MEAG's Sustainability Strategy](#)

Alongside MEAG, specific assets are also outsourced to external asset managers. ESG-specific issues are included in the selection process and all selected asset managers are monitored in order to ensure they live up to their ESG promises.

Management of ESG across all three pillars

First pillar: Defined exclusions

Munich Re has defined economic activities that are excluded from its investments. These are laid down in our [Responsible Investment Guideline \(RIG\)](#). Individual exclusion criteria are defined for banned weapons, food-related commodities, thermal coal and oilsands. Additionally, investments into government bonds and bonds of government-related institutions of countries rated "CCC" as per MSCI ESG Rating are not permitted. The RIG applies to the complete investment portfolio of Munich Re, independent of the asset management responsibilities.



Second pillar: ESG integration

The systematic integration of ESG criteria is an elementary component of our investment strategy. Defined ESG criteria are incorporated into the selection processes for all asset classes. We use MSCI ESG Research and MSCI ESG Ratings to help continuously improve our understanding of sustainability with regard to capital investments. Our aim is to invest the majority of our assets sustainably. The target achievement is measured on the basis of internal sustainability reporting (sustainability ratio). In 2020, over 80% of our investments were invested sustainably (of the €220bn in investments that are relevant for calculating the sustainability ratio). We calculate this by applying a selection of sustainability criteria for each asset class.

MEAG's investment managers, portfolio managers and credit analysts are continuously trained on ESG, for example on ESG data, ESG trends and regulation. All portfolio managers for public markets at MEAG underwent either inhouse training regarding ESG integration in cooperation with our ESG data provider MSCI ESG or have been externally certified as ESG analysts. In addition, our external asset managers have extensive ESG resources, proven ability and skills in ESG integration, which is an essential part of evaluating their quality and performance.

An overview of the individual investment segments and their ESG integration approach is provided below.

Public markets

Shares, corporate bonds and covered bonds

MEAG's portfolio managers and credit analysts make systematic use of MSCI ESG analyses, amongst other data sources, in order to evaluate the return/risk profile of various investments. MSCI ESG ratings are integrated into MEAG's front office system, giving portfolio managers and credit analysts access to the rating scores. This ensures that risks and opportunities arising from sustainability issues are integrated into the investment decisions.

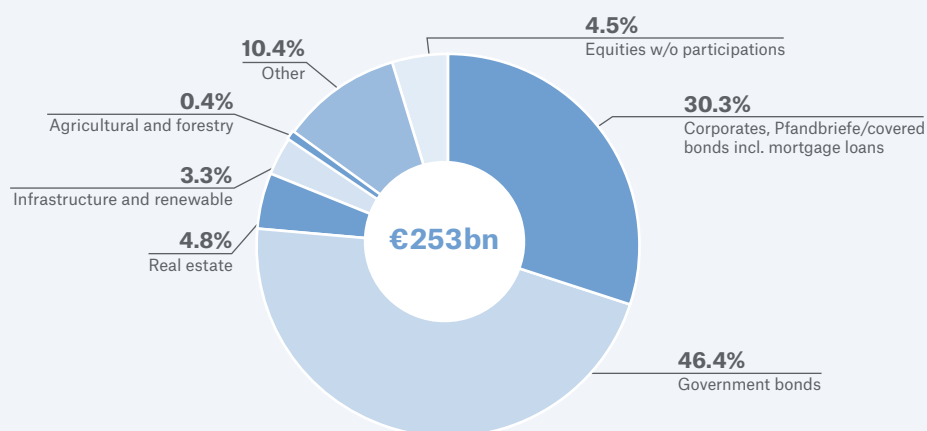
In addition to the selection process, our portfolio managers incorporate ESG information into our shareholder policies and practices. This is reflected, for example, by the **MEAG voting policy**. In addition, MEAG engages in dialog and coordination with issuers; this was also supported by joining the **Climate Action 100+** engagement initiative in 2020.

Munich Re requires its asset managers to regularly exchange information with selected companies they invest in on sustainability and climate strategies. For this purpose, a report on the discussions held should be made available once a year. In addition, we require our asset managers to exercise our interests and voting rights at the Annual General Meetings according to a list of companies provided by Munich Re. If controversial issues regarding ESG topics arise with regard to a stock corporation, these should be addressed at the respective Annual General Meetings or influence the voting behaviour.

Sovereign bonds

Sovereign ESG ratings are continuously monitored by MEAG's portfolio managers to enhance our portfolios and improve the risk/return profiles of our investments. ESG data and ratings are part of our sovereign analysis

Total investments Munich Re, % of total market value (31.12.2020)*



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

and documented on our research platform. ESG topics on the country level are part of regular meetings and ad-hoc meetings are held to address special topics or events. In cases where countries fail to satisfy our criteria, MEAG refrains from investing in their government bonds or the bonds of quasi-governmental organisations. This ensures that risks and opportunities arising from sustainability issues are integrated into the investment decision.

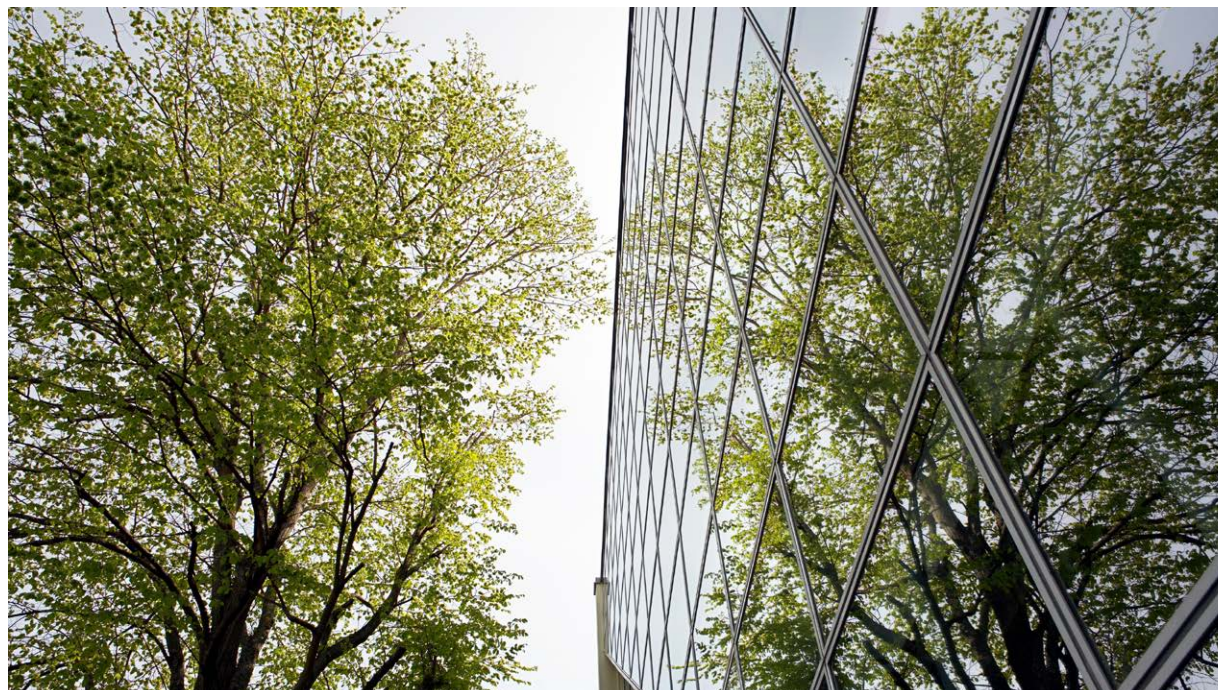
Alternative assets

Due to the long-term nature of alternative investments, ESG factors are of particular importance. Therefore, ESG is part of our due diligence and asset management process. Experts from both MEAG and Munich Re work closely together to leverage ESG know-how Group-wide. We have implemented our own processes for sustainability assessments using expert advisors who draw on Munich Re's internal know-how.

Real estate

We always consider sustainability in the purchase, construction and renovation of real estate – and we observe our ESG criteria when performing due diligence for new investments. This includes examining the geographic properties of a site, evaluating the construction materials, technical facilities used, and considering the social aspects of the investment project. When working on existing properties, requirements for energy efficiency and the choice of suitable construction materials, partners and proven technologies apply. MEAG encourages its tenants to use its buildings in a sustainable way.

Furthermore, the CO₂ footprint of Munich Re's real estate portfolio is covered by the Munich Re Ambition 2025 and the Net-Zero Asset Owner Alliance commitment. We therefore aim for net-zero emissions from our real



estate portfolio by 2050. As of 1st January 2021, one measure that will help achieve this goal is the supply of green electricity from European water power plants to the common areas of Munich Re's directly held German real estate portfolio. The green electricity certificate is aligned with the high-quality TÜV SÜD standards regarding the generation of electricity from renewable energies.

Infrastructure and private equity

MEAG and Munich Re focus on long-term value-managed investments and we consider ESG integration within our infrastructure investments as crucial. To this end, we have defined specific ESG criteria for the

investment category, which form part of due diligence. The criteria address, for example, climate change, stakeholder management and governance risks. We place particular emphasis on meteorological and climate-related factors, such as solar irradiation for solar installations, or wind force for onshore wind farms. Political factors, such as national energy policies, also undergo an in-depth analysis.

MEAG's infrastructure assessment teams work closely with technical experts from Munich Re during the due diligence process to ensure all relevant risks are taken into account from a sustainability perspective.

Agriculture and forestry

The investment process for the forestry and agriculture asset classes follows a holistic due diligence approach focusing on financial considerations and includes material ESG factors such as climate change. The process incorporates wildfire and precipitation data from proprietary Munich Re risk tools. In addition, we also put the know-how of local managers to good use.

Nearly 100% of MEAG's forest investments were voluntarily submitted to a third-party standards body (PEFC and/or FSC) as at end of 2020. Both FSC and PEFC have set specific national standards for forest management, including social and environmental criteria.

When buying forest, we consider the following aspects:

- No conversion of native/old growth forest that are rare and ecologically significant at the landscape level.

- No purchase with adverse impacts on ecosystems with exceptional conservation value.
- No land grabbing or land speculation.
- When acquiring new forest that is not yet certified, MEAG ensures that the forest will become certified according to FSC/PEFC standards.

When managing our forestry and agriculture, we pay attention to the following criteria:

- Sustainable management of the acquired land, e. g. independent certification in forestry and organic agriculture.
- Funding and participation in projects with positive ESG effects, e. g. creating jobs in rural areas, binding carbon through new plantings or preserving the habitat of endangered animal species.

This is how we bring our approach to responsible forest investments to life:

Munich Re Stewardship Initiative: Calcareous Prairie Rejuvenation – our commitment to biodiversity

Calcareous prairies ecosystems were once relatively common across Arkansas, Louisiana and Texas but currently only occupy approximately 5–10% of their historical range. Habitat conversion to other land uses as well as several decades of repressed periodic wildfires has threatened the composition of native vegetation and structure of the prairie.

The ecosystem associated with calcareous prairies favours plant species capable of tolerating a high soil pH and frequent fires. These ecosystems are typically dominated by grasses, composites, and legumes with no known federally listed plant or animal species being associated with calcareous prairies. They are, how-

ever, very rare species including some ranked* as endangered by the State of Louisiana, USA.

The local forest property manager of Munich Re in Louisiana partnered with the Louisiana Department of Wildlife and Forestry (LDWF) through their Wildlife Diversity Program. One of the key components of this program is to preserve and protect natural ecosystems in Louisiana. Two calcareous prairies on Munich Re owned land in Natchitoches Parish worthy of conservation were identified. The goal is to restore these areas to a pre-fire exclusion prairie condition by implementing a specific management regime for this rare ecosystem. This will enhance biodiversity as well as preserve and enhance habitat for the endangered species.

*ranking: S1/G1 and S2/G2 species according to NatureServe


Third pillar: Climate strategy for investments

For Munich Re Group, climate aspects are a focus topic of its sustainability strategy for the investment side. Underlining this commitment, we joined the Net-Zero Asset Owner Alliance (AOA) at the beginning of 2020.



»As part of the Munich Re Ambition 2025 and our commitment to the Net-Zero Asset Owner Alliance, we launched an ambitious climate strategy for our investment portfolio in 2020. The further integration of ESG criteria into our investment strategy also reduces risks and supports long-term investment results.«

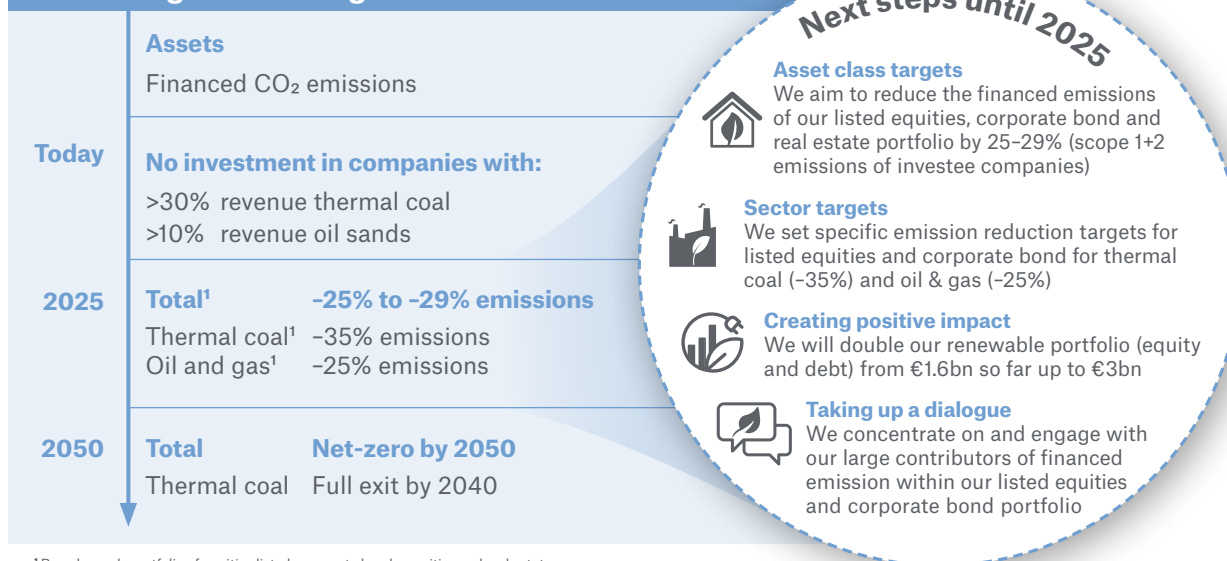
Nick Gartside, Member of the Board of Management Munich Re

Munich Re participated actively in the various working groups of the AOA, including the development of methodology, the engagement working group, and the work track on financing the transition. During the year Munich Re participated in elaborating and publishing of major AOA publications such as the  **Target Setting Protocol**. In order to expand our engagement activities, Munich Re and MEAG joined Climate Action 100+ and MEAG actively joined engagement dialogues under the Climate Action 100+ umbrella.

Our commitment encompasses our whole investment portfolio, which will be transferred to net-zero emissions by 2050. In December 2020, as part of our Ambition 2025, Munich Re set bold CO₂ targets related to the asset classes of listed equities, corporate bonds and real estate based on the target setting framework of the AOA. As an intermediate step, net greenhouse gas emissions in our investment portfolio will first be reduced by 25–29% by 2025, before achieving net-zero emissions by 2050. Furthermore, specific reduction targets were set for investments in coal (–35%) and oil and gas (–25%) until 2025.

The ESG Investment Committee with members from GIM, MEAG and central Munich Re divisions steers the activities of the climate investment strategy. Updates regarding AOA and the ESG strategy are regularly presented in relevant board committees. Further information about Munich Re's overall climate strategy can be found in our  **climate-related disclosure**.

Transition of investment portfolio to net-zero greenhouse gas emissions in 2050



Creating positive impact

In the spirit of creating shared value, Munich Re uses economically sound investment opportunities to create a positive impact. Our investments in renewable energy and green bonds are an important building block in this strategy that we steadily increase. One way we did this was through Munich Re's first green bond. Issued in 2020, it finances investments in line with the Sustainable Development Goals (SDGs). Furthermore, MEAG's ambition of becoming an ESG leader in asset management is mirrored in an ever-increasing offering of sustainable products for institutional and private investors.

Renewable energy and green bonds

Through our investments, we aim to promote the use of future technologies in avoiding greenhouse gas emissions. With this in mind MEAG, on behalf of Munich Re, invests in infrastructure projects around the world such as solar power plants and wind farms as well as green bonds. In 2020, invested capital (equity and debt) in renewable energies was approximately €1.6bn and will be steadily increased over the next few years to €3bn. Investment in green bonds amounted to approximately €1.85bn. These investments can help to mitigate climate change.

Overall, Munich Re invested around 1.4% (1.2% in 2019) of its total investments in renewable energies and green bonds at the end of the financial year. We continue to rely heavily on regional and segment-specific diversification of these investments in order to spread the technical and political risks within the portfolio.

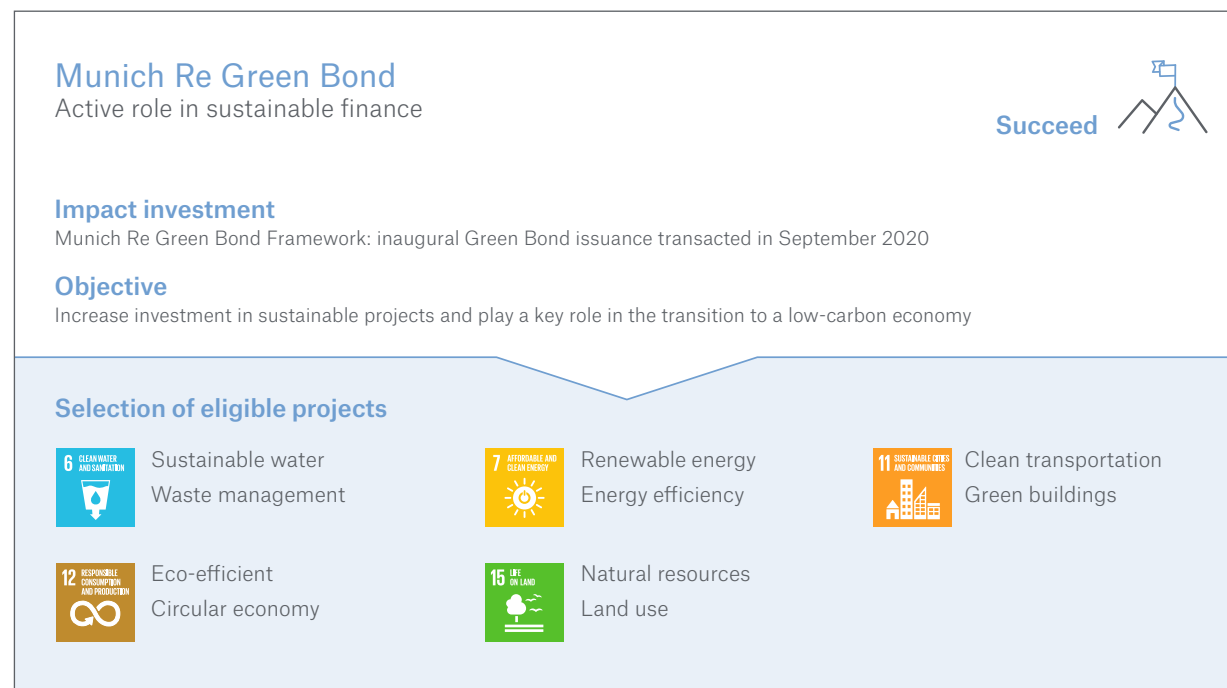
In 2020 our installations generated approximately 2.9 million megawatt hours of green electricity, supplying power to around 700,000 households, thereby avoiding some 800,000 tonnes of CO₂ equivalents.

Munich Re's first green bond

In 2020, as the first German insurer, Munich Re issued a green bond with a volume of €1.25bn to further strengthen our commitment to creating positive impact. As part of the bond issuance, we committed ourselves to investing the volume issued in sustainable projects in accordance with the **Green Bond Framework**. When selecting the projects, we were guided by the UN Sustainable Development Goals. We have specified a time horizon of 36 months in this regard and will publish information about the investments made in an allocation report on our homepage. We intend to invest the volume issued in projects that are diversified geographically and across the alternative asset classes.

More specifically, Munich Re's Group Investment Management department (GIM) manages the allocation of an amount equivalent to the net proceeds of the green bond(s) to eligible projects using a portfolio approach. For each green bond, Munich Re commits to publish on its website an allocation and impact report 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 of the allocation as long as the green bond is outstanding.

Within the context of the issuance of its inaugural green bond, Munich Re established a Green Bond Committee with responsibility for governing selection and monitoring of the eligible projects.



GIM will semi-annually recommend eligible projects to the Green Bond Committee, which will then screen these projects and assess whether they are in line with the Eligibility Criteria and the exclusions as well as with Munich Re's sustainability policies and procedures. Once identified, GIM will track the actual allocation to the eligible projects using internal systems. The Green Bond Committee will annually review the list of eligible projects against the Eligibility Criteria and the exclusions. If a project no longer meets the Eligibility Criteria set forth in this framework, the project will be removed and replaced as soon as one or more eligible projects have been identified as a substitute.

Sustainable investment products by MEAG

As part of the Ambition 2025, MEAG aims to become a leader in ESG asset management. MEAG has a long history of ESG investing experience in this area and offered its first ESG investment fund in 2003. Since then, the range of sustainable investment products for private and institutional clients has steadily increased.

The ERGO *Vermögensmanagement* Funds are the latest addition to MEAG's sustainable mutual investment funds. They invest globally and throughout all asset classes taking into account sustainability criteria. Companies from contentious business fields as well as sovereigns with a poor record regarding civil liberties and political rights are not considered.

The MEAG *Nachhaltigkeit* Equity Fund was launched in 2003 and invests in developed markets, primarily in companies with responsible management practices. The fund excludes companies with severe violations of the UNGC, companies involved in unconventional oil and gas production (e. g. fracking, oilsands), or generating a certain revenue from coal production, oil and gas production and coal power generation.

MEAG *FairReturn* invests mainly in bonds and shares from global issuers who act sustainably. Issuers are selected on the basis of their environmentally friendly and socially responsible track record, as well as good corporate governance and financial performance. Companies from contentious business fields as well as sovereigns with a poor record regarding civil liberties and political rights are not considered.

The MEAG *EM Rent Nachhaltigkeit* fund chiefly invests in bonds from governments and companies in emerging and developing countries with stable growth and sustainable policies. Once again, companies from contentious business fields are not considered.

Furthermore, MEAG offers tailor-made sustainable investment products for institutional clients based on specific requirements and needs.





Munich Re Group's climate-related disclosure

> GRI 103-1/-2/-3; 201-2

Munich Re is a pioneer in analysing the consequences of climate change in the financial services and insur-

ance sector. For more than 40 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 increasingly costly losses from weather-related natural catastrophes. Over the years, the complexity of the issues became increasingly clear as scientific advances were made.

Today, we are part of a comprehensive scientific network that gives us access to the latest findings on climate change and this ensures a high level of quality for our analyses. The different findings from these analyses are consolidated on an ongoing basis and translated into relevant recommendations for the Munich Re Group as well as for our clients.

The following section on climate change represents Munich Re Group's integrated climate-related disclosure. Content and structure follow the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) in addressing our governance, strategy, risk management as well as metrics and targets with regard to climate change.

Governance

The management of risks and opportunities arising from climate change is an integral component of Munich Re's strategy. All material issues relating to climate are decided on Board of Management (BoM) level and dealt with on management level at various departments across Munich Re Group.

Board of Management and Supervisory Board

At least once a year, Munich Re's Supervisory Board is informed about material sustainability topics on the basis of our **combined non-financial statement** within the annual report (p. 57).

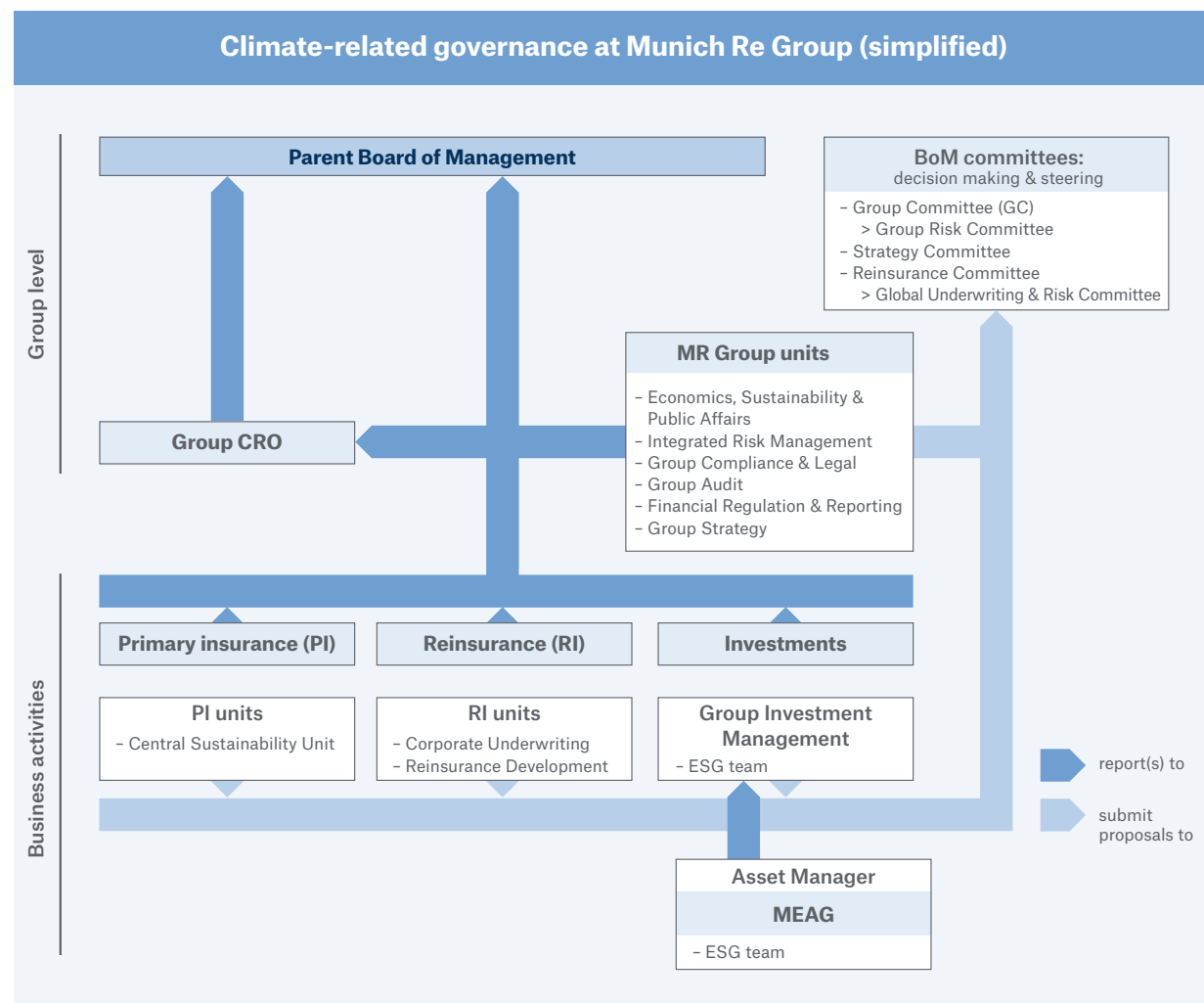


Figure 1 provides an overview of the governance of strategically relevant climate change-related aspects at Munich Re Group.

The BoM and its respective committees regularly discuss and decide on material topics such as our climate and decarbonisation strategy, research and business collaborations, net-zero ambition, natural catastrophe (nat cat) risk management and new solutions for clean/green tech, among others.

Detailed BoM submissions are prepared for each discussion. These include defined objectives, budgeting, deliverables and KPIs. Depending on the subject, the whole BoM or respective BoM committee decides on these topics.

In terms of frequency, the BoM is informed about all existing projects, activities, progress, or current developments on a routine basis. In addition, it is updated on strategic projects, proposals, new activities and initiatives, innovations, or new or unexpected developments as the need arises.

In FY2020, ESG- and climate change-related topics were discussed on six occasions at meetings of the Supervisory Board and its committees and on 31 occasions (of which 14 had an explicitly environmental/climate reference) at meetings of the BoM and related committees on BoM level.

Management level

Munich Re's Board of Management is supported by dedicated climate change experts in various central and business divisions and departments. These include Munich Re's Chief Climate and Geo Scientist (Climate Change Solutions Development); the Head of Research Climate Risks and Natural Hazards (Corporate Underwriting, on behalf of the Integrated Risk Management division), as well as MR's leading expert for leading expert for liability and insurance law, including climate liability.

The implementation of action is steered and monitored at management level. Multi-disciplinary project teams are deployed to steer strategic plans such as Munich Re's climate strategy and monitor progress and targets.

The assessment of risks and the development of climate-friendly/clean tech products and risk solutions is integrated into the different business units and departments, including Munich Re Group's Green Tech Solutions department, or our US subsidiary Hartford Steam Boiler, etc. (see graphic). With the growing importance of climate change-related topics, the number of employees it involves has grown continuously in recent years, so that numerous specialists in central and business units Group-wide are now dealing with particular aspects of climate change, decarbonisation, nat cat and renewable energies/clean solutions.

Central communication structures have been established to ensure reporting lines and communication across the different business units and project teams. Regular meeting formats such as our Group-wide "Climate@MR" series ensure the exchange of information across the Group.

On the asset side, our Group Investment Management (GIM) and our asset manager MEAG are responsible for all investment-related climate change topics. An ESG Investment Committee was established to discuss and decide on the implementation of the ESG investment strategy.

In 2021, ERGO implemented a central sustainability unit bundling functions of corporate responsibility, environmental management and sustainable product development support, in order to strengthen ESG integration and sustainability-related activities within the primary insurance.

Managing climate and sustainability risks & opportunities (responsible units and steering tasks)

MR Group units

Economics, Sustainability & Public Affairs (ESP)

- Group-wide ESG strategy and guideline competence for sustainability topics
- Support business units in implementation of ESG strategy

Integrated Risk Management (IRM):

- 2nd line of defense, risk management and reporting

Financial Regulation & Reporting (FRR):

- ESG risks reporting as part of the combined non-financial statement of Munich Re Group

Group Investment Management (GIM) ESG team

- Responsible for Group-wide integration of ESG investment strategy
- Incorporating ESG criteria to develop strategic asset allocation and tactical asset allocation

Group Compliance & Legal

- Compliance advisory, management system & investigation, regulatory & commercial law, corporate services, data protection

Group Audit

- 3rd line of defense, cooperates with the key functions Group Compliance, Integrated Risk Management and the actuarial function.

Reinsurance (RI) units, incl. leading experts

Business units

- 1st line of defense: Business planning, underwriting & pricing, risk & opp evaluation, P&L management

Reinsurance Development (RID)

- Center of Competence (CoC) for Climate Change/ leading expert climate change
- Climate adaptation- and mitigation-related solutions

Reinsurance Corporate Underwriting (CU)

- 1st line of defense
- Nat cat risk modelling/leading expert nat cat
- Physical & transition (incl. litigation) risks
- Scenario development; carbon footprinting evaluation

Primary insurance units (PI) - ERGO Group

Sustainability unit

- Coordination and implementation of sustainability within ERGO Group
- Guidance of ERGO underwriting community
- Reporting & monitoring, incl. carbon footprinting evaluation
- Sustainable product development

Asset manager MEAG

MEAG ESG team & portfolio management teams

- Structured investment process to implement ESG strategy
- Identify innovative asset types w.r.t. sustainable investing
- Active engagement
- Regular reporting about ESG integration progress & activities

Strategy

Since 2008, Munich Re has a holistic climate strategy in place, which has been continuously evolved since then. In December 2020, we went one step further with the full integration of our new decarbonisation strategy into the Munich Re business strategy Ambition 2025. Our Group-wide objective is to contribute to achieving the Paris Agreement target of limiting global warming to well below 2°C.

Therefore our strategy is based on three core elements comprising comprehensive climate risk management, ambitious decarbonisation targets and the provision of risk-transfer solutions aimed at adapting to and

mitigating climate change (see graphic below). These elements span our liability side as well as assets and own operations. Furthermore, we leverage our knowledge across our global partnerships in the climate sphere, including **UNEP FI PSI** and **PRI, AOA, Climate Action 100+, ClimateWise, Geneva Association, GDV, CRO Forum, MCII**, etc.

Our decarbonisation strategy is an integral part of our overall climate strategy and circles around three core domains: assets, liabilities and our own emissions. As part of Munich Re's Ambition 2025, we introduced a series of bold targets for our pathway towards further decarbonising our business until 2050, with 2025 marking the first important milestone on this journey.

By 2050, we want to achieve:

Assets:

- Net-zero across our investment portfolio by 2050, which is underlined by our membership in the Net-Zero Asset Owner Alliance (AOA)

Liabilities (facultative, direct and primary (re)insurance business):

- Net-zero in the (re-)insurance of oil and gas production by 2050
- A full exit from thermal coal-related (re-)insurance by 2040

Own operations:

- Net-zero emissions across our own operations by 2030

This builds on the existing steps we have already undertaken:

Assets:

- Since 2018 we have divested from companies generating more than 30% of their revenue from coal extraction or electrification.
- Since 2019 we have divested from companies generating more than 10% of revenues from oil sands.

See chapter **responsible investments**, for further information on our asset management activities.

Liabilities (facultative, direct and primary (re)insurance business):

- Since 2018 we have not (re)insured new coal-fired power plants or new coal mines, with possible exceptions in countries where more than 10% of the population lacks access to electricity. In such countries, cases are analysed on the basis of clear criteria. No such exceptions have been made since 2018.

Munich Re Group climate strategy

	Assets	Liabilities	Own operations
Comprehensive climate risk management	<ul style="list-style-type: none"> - Climate risk management on both assets and liabilities: <ul style="list-style-type: none"> > Physical risks > Transition risks 	<ul style="list-style-type: none"> > Reputational and ESG risks > Litigation risks 	<ul style="list-style-type: none"> - Improving operational emissions and efficiency
Ambitious decarbonisation targets	<ul style="list-style-type: none"> - Total: net-zero (2050) - Thermal coal: full exit (2040) 	<ul style="list-style-type: none"> - Oil & gas: net-zero (2050) - Thermal coal: full exit (2040) 	<ul style="list-style-type: none"> - Carbon-neutral since 2015 - Net-zero emissions by 2030 - 100% green electricity by 2025
Innovative climate solutions	<ul style="list-style-type: none"> - Investing in low-carbon technologies and green innovations - Green bond issuance 	<ul style="list-style-type: none"> - Climate risk analysis services - Risk transfer solutions for climate mitigation & adaptation 	<ul style="list-style-type: none"> - Project "Tackling Climate Change Together"
Initiatives & partnerships			
<ul style="list-style-type: none"> - Global partnerships for collaborations and innovation towards climate-friendly solutions - Providing our expertise as a public voice to advocate for climate action and resilience 			

- Since 2019 we have not (re)insured new and existing oil sand sites and new and existing oil sand-related infrastructure.

Own operations:

- Since 2015 we have been carbon neutral.

For a more detailed view on our methodology and our milestones for these targets in coming years, refer to the section metrics and targets below.

Strategic risks and opportunities

Of particular strategic relevance are the risks and opportunities associated with the consequences of climate change in the coming years and decades. Therefore, in the following section, we take a closer look at the time horizons, the specific risks material to our business model, and our strategic response to the potential impact of climate risks. 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 suite of climate solutions which are presented in more detail in the chapter **corporate responsibility in insurance business**.

Climate change risk drivers

As a globally operating company Munich Re needs a global view on its risk landscape. There are different types of climate-related risks affecting our company and business, which are monitored and evaluated by specialised departments and which are integrated into Munich Re's risk management system.

In line with the TCFD recommendations we differentiate physical, transition and liability risks through which climate change can affect value drivers of our business and our financial performance.

Physical risks – acute and chronic

According to climate science and our own analyses, climate change already contributes to changes in hazard incidence in regions with substantial insurance exposure (e. g. increase in days with high maximum temperature level, leading to more frequent large wildfire events).

Over the coming decades, further changes in climate-related hazard incidence (increased severity and frequency) in regions with substantial insurance exposure are expected (driven by both anthropogenic and natural climate variability). Examples include: more high-intensity landfalling tropical cyclones in regions with high coastal exposures, more heavy precipitation events and large river flood events, and more frequent storm surge events due to future sea-level rise. In the remote future, higher losses from strong European winter storms are also expected.

In terms of acute and chronic risks, a clear-cut difference is often difficult to make in practical terms. For instance, rising sea levels (chronic) is aggravating flooding from storm surge (acute), and more intense heatwaves (acute) are intertwined with increasing average temperature levels/global warming (chronic), etc.

Other factors influencing risk are the existence of natural catastrophe vulnerability-reducing strategies (e. g. improvements of building codes), and the maintenance of risk diversifying potential across continents and regions.



Transition and liability risks

Market and technology

In coming decades, developments in technology, systems and associated markets (e. g. smart and digital technologies for steering various systems more efficiently regarding energy and resource consumption, as well as further upscaling of renewable energies, and steering toward low-carbon products and services) will in some sectors gradually or possibly even disruptively change the characteristics of insured assets, businesses and processes.



The above will foster new product designs that make new risk assessment approaches necessary for technologies and processes without a pre-existing record of damage and loss. As a result, we expect risks involved with the transition to a low-carbon economy to affect our underwriting business.

Policy and legal risks

In terms of current and emerging regulation, Munich Re monitors risks of non-adequate anticipation of changes in policies and regulatory requirements due to the need to mitigate greenhouse gas emissions, e. g. affecting carbon-intensive sectors.

In the legal sphere, as a reinsurance company, we specifically consider the risk of potential liabilities in the context of climate change. This pertains to the impacts that could arise if parties who have suffered damage

due to the effects of climate change seek compensation for their losses. Some of these claims may only arise years or even decades in the future, but have the potential to hit carbon extractors and emitters – and, if they have liability cover, their insurers – considerably.

One example of a potential driver of claims related to climate change (indirect climate liability) is the introduction of limits for greenhouse gas emissions or possible duties to inform/report/disclose the amount of greenhouse gases produced by a product or service.

Another example would be a stricter interpretation of the standard of care/due diligence expected of private or public entities or professionals who have the duty to take preventive measures to avoid/minimise damage caused by the consequences of climate change.

Finally, changes to building codes to prevent or minimise damage by extreme weather events could increase costs involved in rebuilding damaged/destroyed buildings covered by liability or property insurance.

A fundamental change in regulation or court decisions could also result in successful claims based on damage caused by the consequences of greenhouse gas emissions as such (direct climate change liability), e. g. rising sea-levels. Even if such claims continue to be unsuccessful, they can lead to substantial defence costs in the US.

Liability related to indirect climate liability is likely to increase in the future. Possible scenarios in this context include, for example:

- Claims based on non-compliance with regulation (e. g. failure to warn or inform), such as shareholder litigation based on financial losses resulting from fines triggered by such misconduct.

- Accusations of misleading consumers/the public/legislation/courts by “green washing” to manipulate buying habits.

Reputation

Reputational risks stem from risks tied to changing customer or community perceptions of an organisation’s contribution to or detraction from the transition to a lower-carbon economy.

Climate change time horizons

Munich Re considers 2021–2023 the short-term, 2024–2032 the medium-term and 2033–2060 the long-term as time horizons for the assessment of climate change-related risks and opportunities. In climate research, we also look at the remote future (2060–2100) to some extent but, since it is a distant horizon, it is not explicitly considered across the business and its investments.

Understanding changing risk levels decades ahead is relevant more from a strategic point of view, than from the perspective of current insurance business practices. Reinsurance covers are renewed on an annual basis, so risk management and (re)insurance cover can be adapted as hazards impacted by climate change over the years.

The following table summarises relevant risk drivers, their potential impact as well as Munich Re’s response to identified risks.

Risks issue	Time frame, likelihood, magnitude of impact and potential (financial) impact			Response (strategic, financial planning)
Physical: acute & chronic				
Tropical cyclone Example: Atlantic hurricane	Time frame:	Likelihood:	Magn of impact:	<ul style="list-style-type: none">- Munich Re has a vigilant risk management system in place, capable of detecting and responding to changes in hazard and risk (see details in section risk management).- Annual renewal of most (re)insurance covers allows for high flexibility in adapting risk management and (re)insurance cover conditions over time.- Munich Re’s adaption and mitigation measures (see risk management section) also contribute to the prevention of increasing physical risks.
	Medium-term	Likely	High	
	Potential (financial) impact:			
	Increased insurance claims liability, e. g. €6.3bn VaR for Atlantic hurricane (200yrs return period).			
Extra-tropical cyclone Example: Winter storm Europe	Time frame:	Likelihood:	Magn of impact:	
	Long-term	Likely	High	
	Potential (financial) impact:			
	Increased insurance claims liability, e. g. €2.9bn VaR for winter storm Europe (200yrs return period).			
Severe convective storms Example: Severe convective storms USA	Time frame:	Likelihood:	Magn of impact:	
	Short-term	Likely	Medium	
	Potential (financial) impact:			
	Increased insurance claims liability, e. g. €500m–1.5bn (estimated range), VaR for thunderstorm USA (200yrs return period).			
Wildfire Example: Wildfire USA	Time frame:	Likelihood:	Magn of impact:	
	Short-term	Very likely	Medium-high	
	Potential (financial) impact:			
	Increased insurance claims liability, e. g. €500m–1.5bn (estimated range), VaR for wildfire USA (200yrs return period).			
Rising sea levels and associated risks such as increased storm surge events	Time frame:	Likelihood:	Magn of impact:	
	Long-term	Virtually certain	High	
	Potential (financial) impact:			
	Increased insurance claims liability. No estimate due to high uncertainties to date.			
Physical risks for MR Group premises	Time frame:	Likelihood:	Magn of impact:	<ul style="list-style-type: none">- Business-driven risk management and business-continuity plans on a Group-wide and local level apply at all Munich Re Group locations.
	Short-term	More likely than not	Low	
	Potential (financial) impact:			
	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.			

Risks issue	Time frame, likelihood, magnitude of impact and potential (financial) impact			Response (strategic, financial planning)
Transition risks				
Policy & legal, current and emerging regulation	Time frame:	Likelihood:	Magn. of impact:	<ul style="list-style-type: none">– Comprehensive monitoring and analyses of developments in liability claims, insurance regulation and court decisions.– Continuous assessment of emerging legal regulation, e. g. through interactions with regulatory authorities.– Integration of ESG- and climate change-related issues in MR’s own policies and guidelines, e. g. Responsible Investment Guideline.
	Medium-term	Virtually certain	Medium-low	
	Potential (financial) impact:			
	No case where liability has been successfully established to date, but potential transaction costs, due to arising coverage disputes and the absence of a loser pays rule in the US. Indirect climate liability: Insurance claims virtually certain to increase.			
Technology & market	Time frame:	Likelihood:	Magn of impact:	<ul style="list-style-type: none">– Decarbonisation strategy– Innovation strategy for sustainable/climate/clean solutions (adaptation and mitigation)– Asset Mgmt.: Expanding ↘ investments in renewable energy and infrastructure projects.
	Current until long-term	Virtually certain	Too early to estimate	
	Potential (financial) impact:			
	Large transition risk for certain (carbon-intense) industries; other industries and sectors might transform more gradually. Corresponding opportunities might buffer or compensate the risk.			
Reputation	Time frame:	Likelihood:	Magn of impact:	<ul style="list-style-type: none">– ↘ Reputational Risk Committees (RRCs) in each field of business.– ↘ Own Operations: Group-wide environmental and climate protection strategy including company activities and employee engagement.– ↘ Procurement guidelines, including environmental criteria– Constant dialogue with sustainability-oriented rating agencies and investors – rewarded with very good ratings and rankings.
	Current	Medium to low	Medium-high	
	Potential (financial) impact:			
	Munich Re reputation due to positive/negative judgments of our activities, strategies and measures by our stakeholders.			

Risk management

Our climate change-related risk management is closely aligned with our approaches and measures described in the strategy section (see above).

Munich Re Group adopts a strategic approach to climate change risks, which potentially affect the value drivers within the global risk and asset landscape covered by the Group.

Munich Re's Group Chief Risk Officer (CRO) is responsible for organising and implementing an adequate risk management system at Group level. Risk management functions at the respective business units report to the CRO. This includes all climate change-related risks. In managing risks related to climate change, we draw on the expertise of our scientists, specialist underwriters, lawyers, economists, risk managers and actuaries in a company-wide risk management process. Climate change-related risks are monitored, evaluated and integrated into Munich Re's risk management system and involve several methodical steps:

Identifying and assessing physical climate risks

In terms of physical risks, Munich Re was one of the first insurers to identify climate change risks as being relevant for the insurance industry. For over four decades, Munich Re has been monitoring and analysing these risks in cooperation with experts in all relevant areas of science worldwide. In order to identify and detect climate change impact on nat cat risk and associated lines of business early, Munich Re has long since interwoven risk management with climate science, not only by employing highly qualified climate scientists

for risk assessment and modelling purposes, but also by participating in science initiatives, initiating and conducting collaborative projects with scientific facilities or publishing research projects in peer-reviewed journals (e. g. **Project ARCS**, **CAFÉ**, **ClimXtreme**). Topics range from internal climate variability, such as El Nino/La Nina, to climate change impacts of severe convective storms (hail, thunder-storm gusts) or winter windstorms and floods in Europe.

However, scientific research into climate change is complex and the political and regulatory environment in which we operate is developing fast. As a result, we remain vigilant with regard to the identification/evaluation of new and changing risks. If new findings in climate research or actual claims development necessitate adjustments in risk assessment, we are able to make these changes promptly because most of our covers are renewed on an annual basis.

The impact of climate on natural catastrophe risk (climate change or internal climate variability) is accounted for in risk assessment on the basis of:

- Monitoring of changes in meteorological/hydrological drivers of loss events over time in a region, including analyses that check for a causal link to increasing greenhouse-gas concentrations (climate model-based attribution) or internal climate variability.
- Monitoring of concomitant changes in peril-specific nat cat 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.

Modelling and steering of physical risks

Given a detected change on the loss side concomitant with detected changes on the weather hazard side caused by climate change or internal climate swings, such results on changes in loss distribution properties over time are included in the risk assessment, risk management and pricing processes. This means, they are included in our risk modelling. Within the internal model, we account for changing climate conditions mainly via model assumptions that are set around frequencies/severities of weather-related hazards. In particular, we:

- Reflect the changing hazard condition in the risk assessment models per region.
- Apply strict accumulation control according to regional budget scenarios/limits, limiting exposure.
- Diversify peak risk from nat cat globally.
- Retain balance between losses, administrative costs, risk-based capital costs on the one hand side, and premiums earned on the other, allowing for profitability.
- Incorporate climate change-related risks in underwriting policies.
- Invest in tools and models, data and science (e. g. collaboration with the European Severe Storms Laboratory; MR's own NatCatSERVICE, Location Risk Intelligence Platform, etc.).

Regarding physical risks associated with climate change, all time horizons apply: short-, medium- and long-term. Short-term effects of climatic variability are primarily taken into account in weather risk- and property business, while medium- to long-term climate variability, e. g. the impact of the Atlantic Multidecadal Variability on Atlantic hurricane activity is important in context of property risk.

Future projections of changing physical risk levels related to natural catastrophes for some decades ahead are relevant in strategic terms, although substantial uncertainty is still involved in most cases. On the other hand, overconfidence in what is already known by climate science has to be avoided too. Munich Re's risk assessment is adjusted to the level of increasing risk in the tail and frequency portions of the loss distribution.

Specialised modellers of Munich Re have developed projections of future hazard activity levels based on state-of-the-art climate model runs, as part of our SAFIR platform (Spatial Analytics for Insurance Risks). SAFIR is a platform for geospatial data and applications to share natural hazard risk data within our company (internal solution).

Our internal natural hazard risk data is also utilised on the asset side. Particularly for our infrastructure investments, physical climate risks are integrated into the due diligence process of every investment decision.

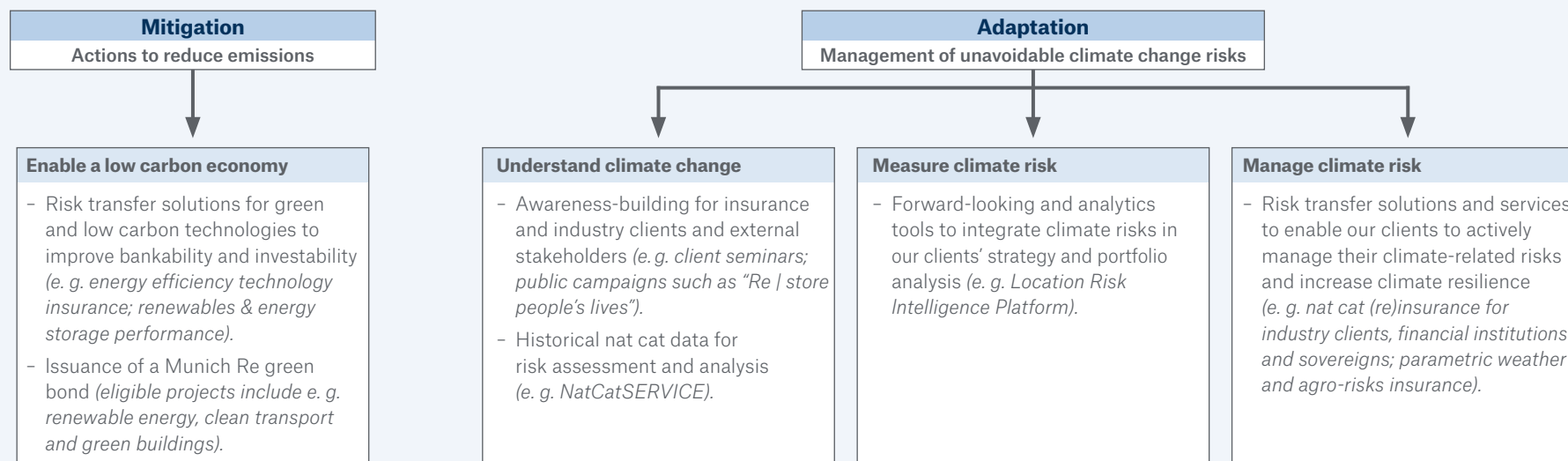
Identifying, assessing and responding to transition risks and opportunities

As described in the governance section above, numerous experts from various disciplines at Munich Re are concerned with the impacts of climate change. In addition to physical risks, transition risks are also identified and thoroughly analysed. This includes the analysis of policy impacts on markets and risks. Internal working groups have been set up to share findings be-

tween divisions/departments and to develop strategic responses. At the interface of our strategy and risk management, strong focus regarding transition risks lies on the development of innovative solution concepts for ESG- and climate risks. This opens up new business opportunities, thereby responding to the need for adapted insurance products, which include adequate risks assessment by Munich Re's professional expertise. This also includes investment in R&D, e. g. models and data, as well as cooperation with scientific bodies.

Relevant measures in response to transition risks are also part of our comprehensive climate risk management solutions outlined below. For more information about climate-related solutions please see chapter **corporate responsibility in insurance**.

Climate Risk Management: our solutions for clients & investors





Scenario analysis

The recommended use of climate-related scenario analysis under the TCFD framework aims at understanding strategic implications of climate-related risks and opportunities and at informing stakeholders about the respective practices.

Munich Re uses qualitative and – to account for the substantial uncertainties involved – a degree of quantitative climate-related scenario analysis to inform our business strategy. When it comes to assumptions on future greenhouse gas concentration development, we reflect the Representative Concentration Pathway (RCP) scenarios (RCP1.9, 2.6, 4.5 and 8.5) outlined by the Intergovernmental Panel on Climate Change (IPCC) in its Fifth Assessment Report as well as its Special Report on Global Warming of 1.5°C.

In terms of the underlying socio-economic assumptions for possible pathways towards a net-zero economy, we assess the Shared Socioeconomic Pathways (SSP), which will also be integrated in the upcoming Sixth Assessment Report of the Intergovernmental Panel on Climate Change expected later in 2021.

Our Climate Ambition 2025 builds upon earlier single decisions (such as guidelines for how to deal with thermal coal) and integrates them in a holistic framework encompassing all emissions attributable to our business activities, i. e. our assets, provided insurance, as well as our own operations. The IPCC's Special Report on Global Warming of 1.5°C served as a central source providing both scenario narratives and emission pathways. It underlines the imperative to reach global peak emissions soon but also the likely long-term necessity of carbon removal technology innovations to achieve net-zero emissions by 2050.

Munich Re has employed qualitative scenario analysis since it is difficult to disentangle the fundamental implications of climate change impacts from a multitude of other factors that will change and collectively challenge Property and Casualty (P&C) insurance business in the future. Our position is fully in line with the IPCC report: Climate change is interwoven with many factors, partly influencing or even aggravating each other.

Equally important are questions on how entire regional markets will evolve, in particular:

- How much insurance capacity will be available (for instance for hurricane wind-related property insurance in Florida)?
- Will the tendency towards increasingly moderate soft market – hard market – cycles observed over recent decades continue?

- And will risk mitigation through climate change adaptation be fostered under the imprint of future catastrophes?

These factors will, among others and along with changing frequencies and intensities of the hazard, combine to imprint Munich Re's P&C business and will shape the response by the business and risk management. Hence, qualitative scenarios also have to address insurance markets and their mechanisms as a framework for an individual company's response.

Portfolio analysis (insurance)

As part of our strategic considerations, Munich Re began analysing the CO₂ footprint for underwriting portfolios in early 2019. And, with other leading (re-) insurers, we have actively participated in the CRO Forum working group on carbon footprinting in underwriting portfolios, which aimed to develop a footprinting methodology for insurance portfolios (the [final report](#) of the working group has already been published). At the same time, we formed an internal project group led by our Corporate Underwriting unit in October 2019 to test the newly developed footprinting methodology for practical application and have since been analysing parts of our insurance portfolio.

The methodology proposed by the CRO Forum (the "Weighted Average Carbon Intensity" or WACI method), specifically adjusted to insurance needs, first had to be tested for its applicability for insurance portfolios, as there is no established standard on the market to date. The CRO Forum's working group identified and described numerous shortcomings and challenges in its final report that make it considerably more difficult to apply a footprinting methodology to the overall

(re)insurance portfolio (e. g. due to data availability, quality, granularity, and matching between internal underwriting systems and external emission data bases, etc.). This is already true for any carbon footprinting using relative KPIs (like WACI), but even more so for any approaches using absolute quantitative KPIs. Further research will be necessary in the future, but the methods developed so far are at least suitable for hotspot analyses.

The internal Munich Re project is of strategic importance and continued to run in 2020 and beyond to inform on and substantiate our continuously evolving climate and decarbonisation strategy (Ambition 2025) – referred to above. For thermal coal-related business as well as for the oil and gas production we developed quantitative emission KPIs which are used for steering our related emissions.

Portfolio analysis (investments)

On the asset side, we conducted an extensive analysis of our equity and fixed income portfolio regarding Scope 1 and 2 emissions as well as regarding transitional and physical risks in 2020. This included absolute emissions, weighted average carbon intensity and CO₂ intensity per invested million Euro. We formulated our strategy and targets for 2025 for the coal and oil and gas sector on this basis. In addition, we have done a first analysis regarding Scope 3 emissions for our equity and fixed income portfolio. Nevertheless, data quality is not sufficient to incorporate Scope 3 emissions into our quantitative reduction targets at this time.

For alternative investments, internal physical climate risk data from Munich Re climate experts is integrated into the due diligence process of every investment decision. Furthermore, MEAG is currently calculating the carbon footprint of the real estate portfolio.

Munich Re Group Ambition 2025 and beyond

	Assets Financed CO ₂ emissions	Liabilities Insured CO ₂ emissions (primary, direct, facultative)	Own CO ₂ emissions from operational processes
Today	No investment in companies with <ul style="list-style-type: none"> >30% revenue thermal coal >10% revenue oil sands 	Thermal coal No insurance for new coal mining, powerplants, related infrastructure ²	Oil and gas – exploration and production No insurance for new and existing oil sand sites, related infrastructure ²
2025	Total¹ -25% to -29% emissions Thermal coal¹ -35% emissions Oil and gas¹ -25% emissions	-35% emissions ³	Reducing our direct impact <ul style="list-style-type: none"> Carbon neutral since 2015 Reduction by 44% per employee since 2009
2050	Total Net-zero by 2050 Thermal coal Full exit by 2040	Full exit by 2040	-5% emissions Utilising the expertise of HSB Solomon Net-zero emissions by 2050 Net-zero emissions by 2030

¹ Based on sub-portfolio of equities, corporate bonds and real estate at the end of 2019.

² Minor expectations apply such as sites in countries with <90% electrification rate.

³ "Produced tonnes of thermal coal/MW insured" used as proxy for emissions: base year 2019.

Metrics and targets

Through our Ambition 2025, we have set ourselves specific milestone targets up until 2050, with 2025 marking a crucial first milestone (see graphic).

An important factor in our decarbonisation strategy is to distinguish between the concepts of carbon neutrality and net-zero. In order to genuinely decarbonise the

world, we need to reduce our emissions as much as possible and remove the rest from the atmosphere.

We believe our commitment to net-zero across the three pillars of assets, liabilities and our own operations will help promote new and sustainable ways of removing CO₂ from the atmosphere. For more information about net-zero please see chapter [environment](#).



Assets

By 2025, we will reduce absolute greenhouse gas emissions in our investment portfolio relating to listed equities, corporates and real estate by 25–29%, before achieving net-zero emissions by 2050. We have also set specific sector targets for thermal coal (reduction of 35% CO₂e) and oil and gas (25% CO₂e).

Through our investments, we want to promote the use of new technologies to avoid greenhouse gas emissions. In total, Munich Re has invested around 1.4% of its assets under management in renewable energies and green bonds.

In 2020, invested capital (equity and debt) in renewable energies was approximately €1.6bn and should steadily increase over the next few years to €3bn. Investments in green bonds amounted to approximately €1.85bn. These investments have the potential to mitigate climate change.

In 2020, over 80% of our investments were invested sustainably (of the €220bn in investments that are relevant for calculating the sustainability ratio). We calculate this by applying a series of sustainability criteria for each asset class.

To strengthen our commitment to positive impact further, Munich Re was the first German insurer to issue a green bond in 2020 to invest in climate-friendly projects in accordance with our  **Green Bond Framework**. Find more information in chapter  **responsible investment**.

Going forward, we will regularly report on progress including metrics and targets related to our net-zero ambition and our AOA membership.

Liabilities

On the liability side, over the next five years, we will reduce greenhouse gas emissions from coal and oil and gas underwriting by 35% and 5%, respectively (facultative, direct and primary (re)insurance business).


Reducing the carbon footprint in our underwriting portfolio requires an elaborate carbon footprinting methodology to measure the net emissions (gross emissions minus carbon removal and storage) of coal as well as oil and gas. Apart from the initial methodological approaches of the CRO Forum (see above), neither methodological standards nor comprehensive emissions data sets exist for individual industries. This is why we are currently developing our proprietary footprinting methodology based on the sector-specific expertise of our subsidiary HSB Solomon. This allows us to rely on a consistent methodology to report on our progress regarding our decarbonisation target over the coming years.


Own CO₂ emissions

As part of our new climate ambition we will further reduce our emissions by 12% per employee by 2025 compared to 2019 and ultimately become net-zero across our operations by 2030.

We use our internal environmental management system to measure our progress and to assess the influence our activities have on climate and the environment. We calculate carbon emissions on a yearly basis from our consumption of energy, paper and water, business travel, and generation of waste. This calculation was independently validated by an external audit company since 2015. Find more details at the end of this document.


In 2012, we introduced a standardised, internal environmental management system (EMS) for all Group locations. Munich Re Group has been carbon-neutral since 2015.

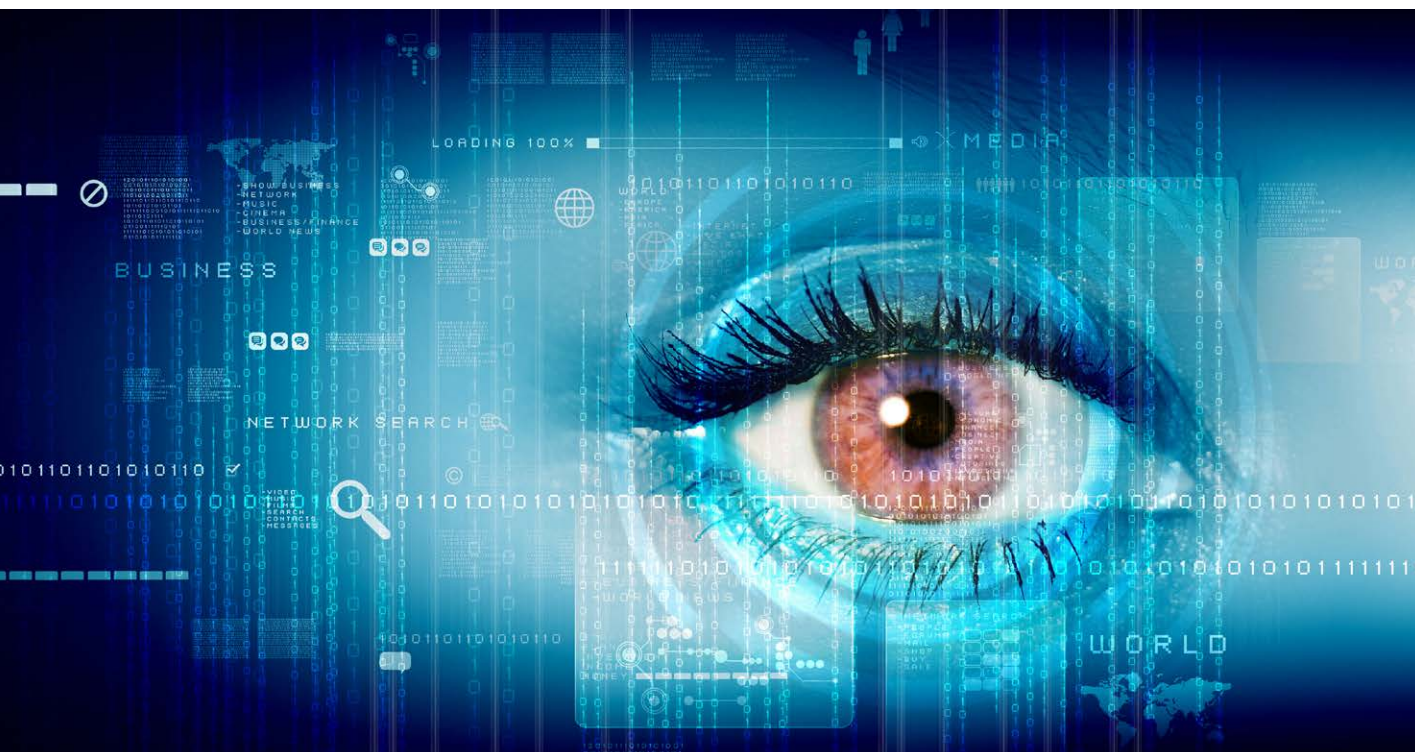
For detailed information regarding our environmental management system (EMS) and our emission reduction measures and targets please refer to the chapter on  **environment**.

For detailed information about our CO₂ emissions (Scope 1, 2 and 3) please refer to the  **key figure section**.

Remuneration

The remuneration system for the Board of Management includes an overall performance assessment that takes ESG criteria into account. This explicitly includes Munich Re's climate ambition covering assets, liabilities and own emissions.

Find more information on the  **board's remuneration system**.



Using digitalisation responsibly

> GRI 103; 203-1; 203-2

Digitalisation is key to a successful future for the insurance industry. It will transform the industry's entire value chain as well as change our clients' requirements. For Munich Re, it is crucial to ensure the responsible use

of digital technologies and to provide innovative solutions for our clients. With this in mind, Munich Re has made digitalisation an integral part of its business strategy and invests heavily in technology and the necessary training to develop employees and experts.

In addition, in 2020 the Corona pandemic led to a huge leap forward in digitalisation in both the public and private sectors. As a result, transformation efforts towards digital- and data-driven processes were accelerated considerably in many companies. And

further investment in the digitalisation of business models at primary insurance companies is sure to follow. No doubt, artificial intelligence will play an important role in this process. Advances in automation, digitisation and individualisation will result in exciting new developments but new risks will also arise, such as those inherent in artificial intelligence itself. Munich Re will counter these risks for example with new business models in the field of artificial intelligence (AI) certification.

Training our developers and employees

Empowering employees through training is the basis for successful and responsible digitalisation. In order to build our competitiveness and efficiency we are actively engaged in the digital transformation of our own value chain, which has significant implications for our employees in their daily work. As an employer, we act with particular caution and responsibility to support our employees in this transformation process.

Digital technology is transforming the workplace, especially at companies that are highly data- and knowledge-driven, such as Munich Re. Additionally, in the course of digitalisation, the volume of available data has increased significantly. This paves the way for innovative business models and numerous new fields of application, such as AI-based loss identification and the analysis of sensor data. At the same time, data analysis is becoming increasingly complex, requiring ongoing training of experts, along with a cross-sector transfer of knowledge. This is the only way to compete successfully in the key fields of digitalisation application.

In order to support the digital readiness of our employees we have established a learning culture that focuses on Munich Re's digital priorities. We also provide target group-specific training for our developers, users and managers through, for example, our LinkedIn Learning, data analytics curriculum, and Cyber Expert Pool.

The central, advanced training program on digitalisation for all employees in reinsurance is the "Digital School". A wide variety of learning content and formats are offered on the platform, all of which enable self-initiated digital knowledge development. Munich Re places special emphasis on the competent handling of data and algorithms and, as a result, offers a global training initiative: a data analytics curriculum available to reinsurance employees in the form of a multi-level digital qualification.

Learn more about our advanced digital training in the [employee section](#).

Responsible handling of artificial intelligence (AI)

The responsible application of digital progress is of core importance at Munich Re, for example, by developing standards to evaluate algorithms. Indeed, the idea of "Responsible Artificial Intelligence" is central to all our actions. And this approach is based on the seven principles of the "Ethical Guidelines for Trustworthy Artificial Intelligence" formulated by an expert group of the EU Commission. In turn, this is backed by the primary goal of Munich Re, which is to offer needs-based insurance solutions that enable customers to carry out simpler and shorter risk assessments or claim settlements; or to insure new types of risks.



For example, ERGO relies on an already established AI infrastructure aided by modern IT solutions. In addition, a large number of other implementations are on the agenda over the next few years. The focus of these efforts will remain the intelligent automation of processes and more individualized customer services.

Beyond this, there is no doubt that AI will play a central role in the future of the insurance industry. It will impact everything from product design, underwriting, and claims management to internal accounting processes. And applying strong ethical principles is essential to

protect the rights of our clients when using new data-based algorithms. Munich Re is aware of its responsibilities with regard to the use of AI-based systems and processes and is responding accordingly.

In order to live up to this responsibility we have established a Group-wide framework for the compliant development of AI algorithms used in new risk solutions and we collaborate with academia and research institutes in this regard. Additionally, we support the development of European guidelines and standards.

The High-Level Expert Group on Artificial Intelligence appointed by the European Commission adopted  **Ethics Guidelines on Artificial Intelligence** in 2019. The guidelines put forward a human-centric approach to AI and list key requirements that AI systems should meet in order to be trustworthy. These requirements have gone through a piloting process, in which Munich Re participated.

Munich Re has also developed a human rights-based “Responsible AI Strategy” in accordance with the European Commission guidelines, which cover issues such as privacy, surveillance, discrimination, bias, unintended consequences, and misuse by bad actors. Our strategy is based on the following principles:

Principles of “Ethical Guidelines for Trustworthy Artificial Intelligence”

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

Needs-oriented solutions

We only want 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 kinds 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 all the countries we operate in.

Non-discrimination

When developing algorithms, we pay close attention to preventing any form of discrimination. We attach great importance to ensuring that our algorithms do not adopt or amplify existing forms of discrimination that are frequently found in historical data. We also check that our data base, to the best possible extent, covers all relevant groups of persons, for example in terms of age, gender, nationality and ethnicity.

Prevention of unacceptable effects

We monitor the impact of the decisions made by AI algorithms to prevent undesirable effects being created or aggravated. By way of example: AI algorithms could be used in healthcare, which might have repercussions for treatment and insurance cover. In our view, it is unacceptable if a higher risk for a serious illness results for any person concerned due to decisions made by an AI algorithm.

Data governance

The persons affected must have full control of their data and be in a position to decide independently on their use. Consumers should always have the choice on whether or not to provide personal data for a service or a third party.

We implement these requirements through application of the following concepts:

AI governance

A central component of AI governance is compliance with applicable laws and internal Group rules and principles, irrespective of the technology used. In conformity with existing rules on human decision-making, there must be an appropriate balance between the degree of autonomy and regulation of AI systems on the one hand, and the associated risks on the other. Our AI governance also provides for clear responsibilities when dealing with artificial intelligence.


Technical robustness

We ensure technical robustness when developing our systems. In this way, we ensure that AI operates within secure boundaries even in the event of malfunctions. In this context, malfunctions include unforeseen events and manipulative attacks from outside that interfere with the AI system.

Transparency

We attach great importance to ensuring the greatest possible transparency of our algorithms. Cooperation with scientific and research institutes gives us access to the latest processes that make the behaviour of AI systems comprehensible.

Social impact of AI – promote exchange, protect against risks

AI will have multiple repercussions on society that are impossible to predict today. For this reason, ethical guidelines for dealing with AI can only be achieved in dialogue with politicians and scientists. Our AI experts are members of several bodies, where they exchange information with other companies and draw up guidelines for dealing responsibly with the technology. In addition, Munich Re is a shareholder in the  **German Research Centre 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 the partnership help us develop the best processes for our clients, but it will also make the latest knowledge available to our employees and further advance research in this field.

Many social problems can 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 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. For that reason, together with partners such as the DFKI and Applied AI, we aim to define standards for the evaluation of the various AI algorithms.

Innovative solutions for a sustainable and resilient digital world

Digitalisation provides us with an opportunity to explore new business models or to extend existing business capabilities. Which is why Munich Re offers a variety of new products and solutions in both primary insurance and reinsurance that span everything from cyber risks to Internet of Things (IoT) solutions. These products not only help our clients to be more resilient in the face of emerging risks but also allow them to explore new and adaptive business models.

Cyber

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 parts of the global digital transformation of businesses and society. The number of devices online is set to increase to 125 billion by

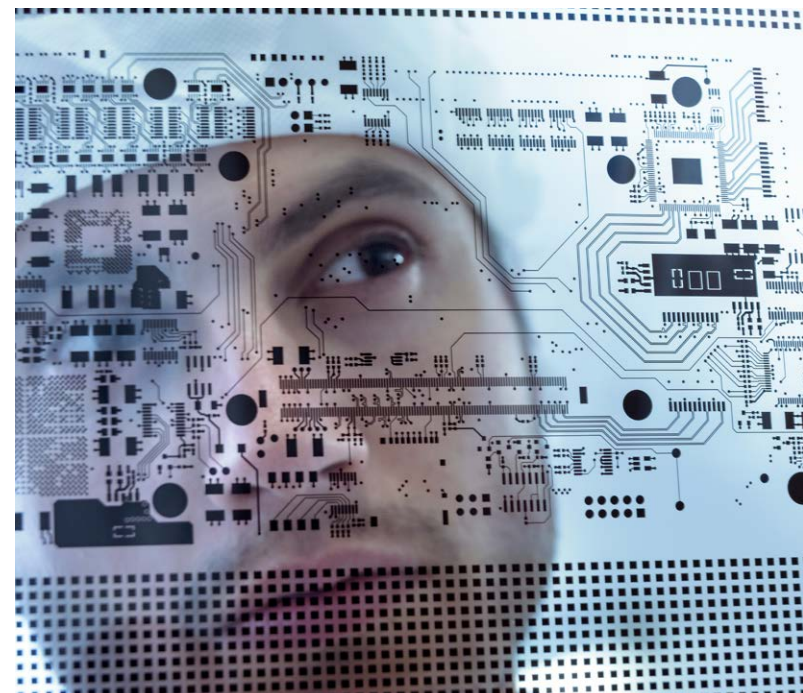
the year 2030. In virtually every sector, automated processes are delivering greater efficiency and higher productivity. At the same time, greater levels of interconnection are leading to new business models. Examples include successful sharing concepts and online platforms. Opportunities for all industries are auspicious. But new technologies bring new vulnerabilities too: 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 increasing all the time.

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 case of a cyber-attack. Munich Re has over 130 experts on cyber in the reinsurance unit alone, which gives us a leading position in the cyber market as well as a competitive knowledge advantage.

Online content: [Learn more about our cyber solutions in reinsurance](#)

ERGO also provides innovative cyber solutions to its clients: With ERGO cyber insurance, for example, business customers can protect themselves against the financial consequences of viruses, data loss and other risks on the internet. Our DAS Cyberbullying Insurance in Spain supports young internet users and their parents in combating virtual bullying, harassment or identity theft.

Online content: [Learn more about digitalisation and cyber at ERGO](#)



Internet of Things

The Internet of Things is advancing into many economic sectors and is disrupting traditional business processes. Industrial IoT, connected services, smart buildings and infrastructure applications rely on smart IoT components that support the detection of malfunctions and the prevention of damages. This ground-breaking technology allows for predictive maintenance, quality analytics and condition monitoring to reduce costs, avoid breakdowns and to improve maintenance efficiency.

Pay-per-part: TRUMPF and Munich Re plan new business model for the manufacturing industry

The **TRUMPF Group and Munich Re Group** entered into a strategic partnership for an innovative service offering of laser cutting machines. The jointly developed pay-per-part model enables customers to use a full-service laser machine without having to buy or lease any equipment. Instead, customers pay a previously agreed price for each cut sheet metal part – in other words, they only pay for what they need. This allows customers to make their production processes more flexible and react faster to market changes.

The pay-per-part model offers companies in the sheet metal processing industry entirely new and disruptive business and production opportunities. Customers gain access to the latest automated laser cutting technologies without the need for massive investment, and the production volume is easily adjustable based on demand. Thanks to the planned performance guarantee offered by Munich Re, customers will also be insured against the financial impact of potential production downtime in the future.

Online content: [Learn more about our IoT solutions](#)

AI Solutions

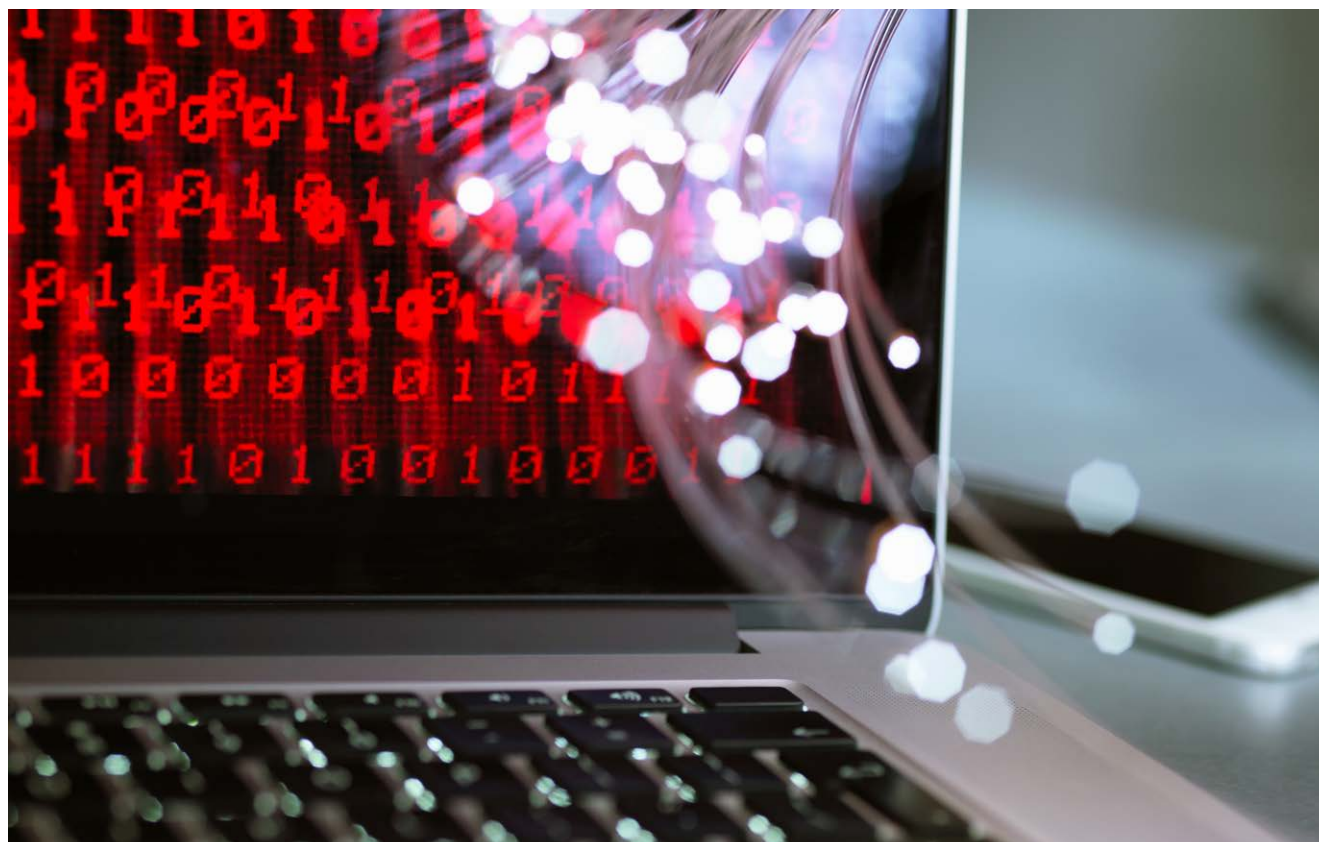
Every company with an AI-based business model is tied to the performance of an algorithm. But what if that algorithm performs worse than expected? Who guarantees the AI system's performance?

Artificial intelligence (AI) systems are bringing enormous changes to our economy, whether in the areas of cyber, fraud management, health, travel tech or agriculture.

Their advantages: reduced costs, improved quality and greater profitability. But every company that integrates AI into its processes delegates responsibilities to an algorithm and must be able to rely on its performance. However, the algorithm may not perform consistently, precisely enough or at all, which may lead to losses for clients. As part of Insure AI, Munich Re offers aiSure™, a performance guarantee that cover our policyholders'

customers for the performance of their AI solution. aiSure™ is based on defined KPIs and insures against payment demands from end-users. In a nutshell, Munich Re provides protection against the risk of poor performance of the AI system used based on a due diligence process.

Online content: [Learn more about Insure AI in practice](#)





03_Employees

Responsible employer of choice

> GRI 103

As a knowledge-based company in a dynamic and fast changing business environment, Munich Re's success is based on a highly qualified, dedicated and innovative staff with superb expert- and leadership skills across the world.

Working for one of the world's leading providers of re-insurance, primary insurance and insurance-related risk solutions, our employees find sophisticated, high-quality answers to challenging- and new risk scenarios. Pioneers in the world of risk, Munich Re staff work on topics that are relevant to global society, today and tomorrow (e. g. climate change, cyber risk, Internet of Things or Artificial Intelligence).

To achieve the main goals of our Human Resource strategy, namely attracting, developing and retaining outstanding staff, we promote a forward-looking, appreciative work culture: Collaborating across our global organisation with internal and external knowledge networks, and building interdisciplinary teams to find the best solutions for our clients are critically important to us. Furthermore, Munich Re grows in attractiveness as an employer of choice through its ongoing efforts to create better work-life balance.

We strongly believe that we can only be successful in our business if we fully respect and leverage the diversity of our workforce. Promoting diversity and inclusion in all aspects is a strategic focus of our Group-wide Human Resource strategy: Different skills, talents, backgrounds and perspectives from all over the globe are core to our corporate culture.

For our more than 39.600 employees, we provide attractive working conditions that offer growth opportunities and strengthen the autonomy of individuals. Promoting the wellbeing of employees forms a substantial com-

ponent of our activities as an employer. The fact that Munich Re Group embedded both flexibility and capable technology into its Human Resource approaches early on ensured that we were able to react to the Coronavirus pandemic quickly and globally. In spring 2020 all our business operations around the world were shifted to remote working within days. Additionally, all companies within Munich Re Group proactively provided further support for their staff in terms of health and safety measures: For example, flexible working arrangements and assistance programmes were expanded.

Respect and esteem in our Group-wide

 **Code of Conduct:**

Respectful and appreciative treatment of staff

members: We expect staff members to observe every individual's personal dignity, privacy and personality rights. We do not tolerate discrimination (on grounds of disability, age, sex, ethnic origin, nationality, sexual identity, political opinion, race, religion or the like), sexual or other personal harassment, or insulting behaviour. We also do not tolerate any socially inappropriate behaviour, intimidation or violence, or the threat of such.

Responsible leadership: Our managers' culture of leadership and their duty as role models are an essential part of our compliance culture. We expect

our managers to take responsibility for their staff members and for reaching our business goals with integrity. Their own conduct should reflect what they expect from their staff.

"As a Group, we aim to...

... promote diversity in our Group, and to conduct ourselves accordingly, both in-house and in public;
... have our managers behave as role models to their colleagues and staff members.

As members of staff, this means that ...

... I support a culture in which ethically irreproachable conduct is recognised, valued and embodied by all;
... and I treat my colleagues and business and sale partners fairly and with respect."

Strategic and target-oriented HR management

> GRI 103

The Munich Re Group companies in reinsurance, primary insurance and asset management are steered on a strategic level but apply unit-specific approaches to better fit their respective business models, markets and target groups. Following this approach, the central Group Human Resources unit provides strategic imperatives for selected topics, which are incorporated into the HR policies of the different business fields (e. g. on diversity). Group HR reports directly to the CEO of Munich Re Group to ensure alignment with the strategic core of the company. In addition to this central approach, the individual needs of different business fields are taken into account for regional and local HR management strategies in order to support their specific business models in the best possible way.

In 2020 Munich Re Group launched its **Ambition 2025**. By focusing the dictum “Scale, Shape and Succeed”, Ambition 2025 combines specific business goals with a strong orientation towards human capital and corporate responsibility. This defines the strategic framework for Group-wide Human Resources activities. More specifically, we aim to be an “Employer of choice”: Skill-driven, living a digital culture, promoting risk entrepreneurship and engaging socially. A particular focus is placed on the representation of women in our management teams. Our ambitious target here is to have 40% female managers on all management levels, globally, by the end of 2025.

Skill-driven technical excellence

High-quality development measures, collaboration platforms and knowledge transfer mechanisms ensure



that our employees expand technical excellence, especially in our core underwriting capability. Our clients expect and appreciate that we provide best-in-class risk management know-how.

Driving digital culture & risk entrepreneurship

The expertise and creativity of our staff allows us to push the boundaries of insurability, for example in cyber risk solutions. We promote a digital culture by providing sophisticated data analytics trainings, utilizing more and more chat-bot technology and offering new ways of tech-enabled working. Culture-related


issues are integrated into leadership trainings to ensure that our teams are well-guided and supported through this transformation process. In addition to transforming our business we are shaping “new ways of working” in terms of our working models, as well as our office set-ups and our IT environment in all fields of business.

Socially engaged

We are committed to our responsibilities as an employer as well as to corporate citizenship, which is why we support at least 500 social sustainability projects and motivate employees to contribute to those projects.

Diverse workforce

Ambition 2025 is rooted in the strong foundation of our already diverse and global workforce. Over 60 nationalities work together at more than 50 sites and contribute expertise from over 80 skill groups. Specific emphasis is placed on the representation of women in our management teams. Our target is to have 40% female managers by the end of 2025 on all management levels globally.

In the following we detail a selection of the different measures we implement to meet our ambitions. You can find additional information and examples for reinsurance, primary insurance and MEAG in the respective career portals of  **Munich Re**, **ERGO** and **MEAG**.

Development and talent management

> GRI 404-2

Munich Re's Ambition 2025 sets clear goals for what we want to achieve over the coming years. Developing our talent and leadership culture is key to the strategic areas described in our framework. Activities in this context are based on the philosophy of offering flexible formats, which empower our people and ensure that they are in the driver's seat of their own development.

Management development

Leadership is key – on all levels and in all business fields. To ensure a foundation for leadership, we developed the Munich Re Leadership Values in 2020. They have already been rolled-out in the reinsurance field of business and will be launched globally in 2021. Leadership Values provide a shared understanding of what it takes to be a successful leader in Munich Re. They pro-

vide guidance for current and future leaders and give orientation on which skills to develop. Focus areas include: The power of collaboration, authentic leadership, shared purpose, caring and daring. These Leadership Values will be embedded in key HR processes of the global reinsurance organisation.

Our portfolio of programmes to strengthen leadership

Group Management Platform (GMP)

On Group level, Group HR is responsible for strategic management development and succession planning for the top executive level. The focus lies on the development of current position holders, e. g. CEOs of Group companies, as well as their potential successors. The GMP was established as a diverse and vibrant network of approximately 150 leaders, including Board members, CEOs and key position holders who display potential for bigger impact. Within Munich Re Group, GMP is one of the core management development platforms which includes the Reinsurance Group, ERGO and MEAG in one programme. With this approach, we foster collaboration across all business fields and connect key people in the Group.

Munich Reinsurance Company

In the reinsurance field of business, we offer the "Hydrogen" programme as an innovative and advanced development option for high-potential individuals and thought leaders who aspire to have higher impact at a global level. The programme currently has over 70 individually selected participants. It supports candidates by providing global development and networking opportunities, increased visibility and leadership trainings. In addition, the new "Oxygen" programme will be launched in the reinsurance business field during 2021. Oxygen is an accelerated development option for aspiring leaders or thought leaders who want to reach the next level of impact at a local or regional level.

All three programmes (GMP, Hydrogen, Oxygen) will be covered by a global talent management framework based on clear and transparent standards and criteria, called "Accelerate Development Framework".

ERGO

The new talent identification process, "ERGO GROW", is based on a clear and broad understanding of talent that goes beyond leadership and includes further development directions. Our Group-wide competencies are employed in this process, which reflect the requirements of present and future business success. A wide range of development measures ensure that participants are systematically prepared for their future leadership functions. Board Members and senior managers take a special responsibility in supporting and promoting future leaders.

MEAG

The "MEAG Leadership Journey" is a top-class management development programme that aims to develop strategic capabilities: Besides providing up-to-date leadership know-how, the programme focuses on developing cross-divisional collaboration and further evolving an agile culture at MEAG. Over a period of nine months, managers in their first leadership role get support through high-calibre coaching, training and networking events.

By applying the above portfolio of management development measures, we constantly ensure successful staffing of key positions across the Group. In 2020 we were able to fill 81,2% of open management positions in Germany (all business fields) with suitable internal candidates. In addition, our long-term succession planning for current senior management will ensure that the quality of our management remains at the level we need to stay successful. We further strengthen the technical and intercultural competencies of our talent by means of staff rotation, facilitated by a Group-wide internal job market, which is transparent to all staff worldwide.



Staff development

Munich Re Group provides an extensive range of training programmes for staff development worldwide, which is continually adapted to meet current and future requirements.

To derive the learning and development needs of our employees, we emphasize the importance of open dialogue between employees and managers. Accordingly, Munich Re introduced “Continuous Conversa-

tions” globally in 2020. This new approach rethinks the way leaders and employees have conversations about commitments, feedback and development. It makes interaction clearer, more direct and more purposeful without the limitations of a formal process. And the result is that every employee in the Reinsurance Group can expect ongoing support in their individual development via regular conversations.

Additional relevant key indicators can be found in the **key figures section**.

Driving digital culture

As part of our strategic framework within Ambition 2025, we focus on driving a digital culture. We have two focus topics:

- First, we constantly broaden our digital learning landscape to ensure up-to-date learning solutions for all our staff.
- Second, we promote digital content (e. g. Data Analytics) in various formats.

Our digital learning landscape

During 2020 the Coronavirus pandemic accelerated the development of digital skills and fundamentally changed the way our employees work. Although remote working was already standard in many areas, significantly more support was offered via training solutions to help people improve fast. Besides this focus, we offer a broad range of training formats that mirror the variety of our daily working life (e. g. social competencies, leadership/management skills, IT competencies, compliance regulations issues, occupational health and safety topics, language skills). The formats are embedded in a blended learning landscape (e. g. on site-classes, digital learning, individual coaching). In addition, change processes within Munich Re are supported through change and transformation resources.

The launch of LinkedIn Learning in 2020 for the global Reinsurance Group represented a tremendous step forward towards a globally consistent digital learning platform. LinkedIn Learning is a leading web-based learning platform that offers videos, courses, exercises and transcripts on topics related to business, technology, creativity, leadership and social skills taught by industry experts. It enables our employees and managers to act as drivers of their own development and fosters

the spirit of continuous learning. Together with other learning resources, LinkedIn Learning completes a state-of-the-art learning environment at Munich Re. Due to the high flexibility and business relevance of the virtually available learning topics, the new offer is used intensively worldwide. This is reflected not only by approx. 4,300 activated licenses but also by more than 120,000 completed learning videos.

MEAG also drives various new online learning formats, and employees are being intensively supported in the transition to digital learning and new tools for collaboration. Executives are provided support with individual measures (e. g. coaching, webcasts) to successfully master the new challenges of virtual leadership.

Promoting digital content

Munich Re's business model has always been data-based in a traditional sense. Digitalisation and networking are now adding new data, analysis and usage options in great abundance. The keywords are data analytics, machine learning and artificial intelligence. With the help of these new techniques and methods, we can succeed in expanding insurability and increasing our profitability in the future. We achieve this by developing a digital mindset and see digitalisation as an opportunity across our business fields. It is particularly important that our employees master the tools and work methods required for the transformation in our business models.

The Munich Re Digital School is a central training offering about digitalisation and available for all employees of the Reinsurance Group worldwide. This platform

offers business-relevant learning content and formats that enable self-directed digital knowledge building. Examples include training on digital literacy, agile methods, data analytics, design thinking and leadership in the digital age. A global data analytics training initiative has also been launched. It is open to employees in the Reinsurance Group and MEAG as a multi-stage



qualification programme (Data Analytics Curriculum). In 2020, 450 employees completed the highest level of the Data Analytics Curriculum with an individual certification. This shows the high relevance and attractiveness of the offer.

We are particularly proud of the training award Munich Re won for the **in-house e-learning programme** that is part of the Data Analytics Curriculum.

In order to stay competitive in the field of cyber (re)insurance and to enrich Munich Re's cyber expertise, the company launched the "Cyber Expert Pool" – a global cyber expert programme which is unique to the insurance market. Munich Re continues to invest in creating its own internal pipeline for underwriting talent in this promising line of business.

The transformation@ergo training programme was extended in the primary insurance field of business in 2020. Its main goal is to support and strengthen the capabilities of the ERGO workforce. The programme offers trainings in key competencies of the digital transformation and addresses topics such as leadership in the digital age, the consequences and opportunities of digital change and skills required for the digital work environment.

In 2020, ERGO's entire training infrastructure was converted to purely digital delivery. A core aspect of this was the enhancement of employees' and managers' ability to work in remote teams. With this in mind, the trainings also offer personal development opportunities for employees, for example, in the areas of resilience

and time management. In addition to a wide range of webinars, the digital self-learning platforms for employees ("e-campus") and managers were an important building block in the qualification of all participants in future-relevant skills.

The total number of training days used by our employees and our expenses for the training measures are listed in the [key figures section](#).

Online content: More about training at Munich Re

Diversity and inclusion – unleashing potential

> GRI 405-1

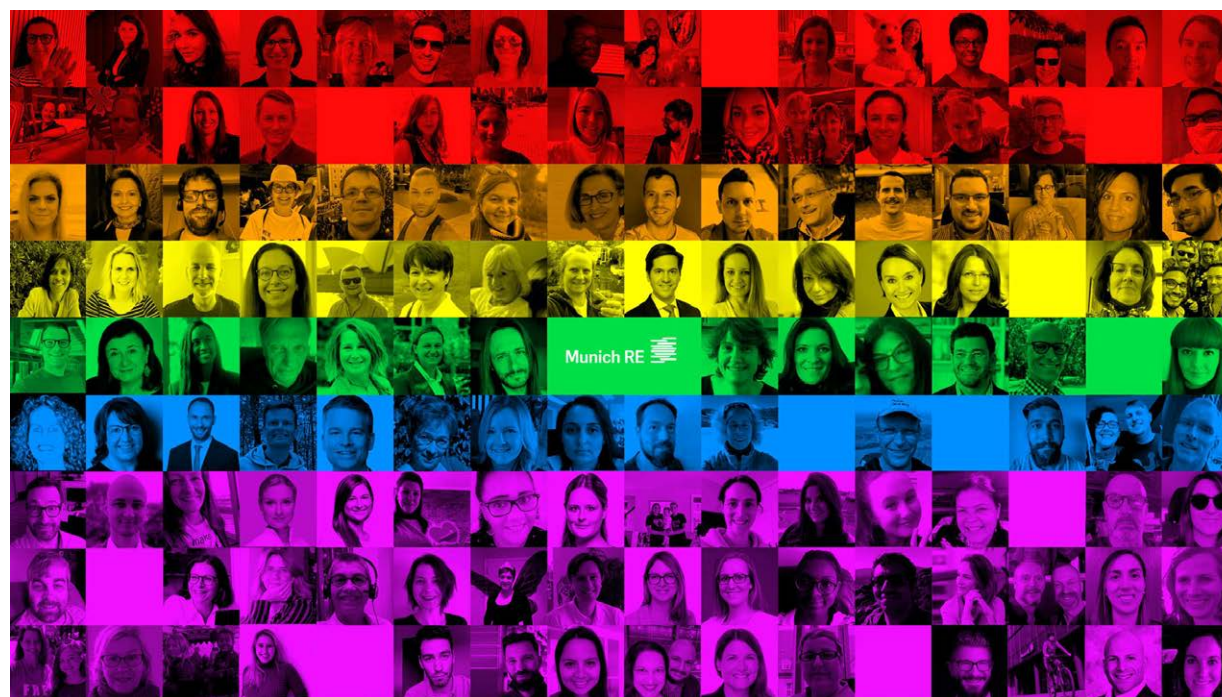
Diversity and inclusion is a core value at Munich Re and, deeply woven into our company's culture, is also a crucial contributor to our business' success. This is mirrored in our diversity targets, which are part of the Munich Re Ambition 2025. Our employees' diverse backgrounds, experiences and talents are among the most valuable assets for our future success.

On a Group level we manage the subject of diversity and equal opportunities by means of connecting experts and monitoring key data. The fields of business drive targeted measures in accordance with the countries and markets they operate in.

Munich Re has a Group-wide Diversity Policy that sets down the most important principles for overarching

and comprehensive diversity management. The criteria of gender, age and internationality are – amongst other criteria such as religion, disabilities, nationality, people of colour, and sexual orientation – the focus of our activities.

Furthermore, since 2012, Munich Re has been a signatory of the "Charta der Vielfalt" (diversity charter) employer initiative.



At Munich Re, we clearly stand against racism, inequality and discrimination of any kind – be it related to gender, different generations, people of colour or members of the LGBTQ+ community.


Different mindsets, ideas, ways of thinking, experiences and knowledge are also vital to being an excellent partner to clients.

Gender

We are fully committed to increasing the proportion of women in management positions. Measures taken to achieve this goal include the following:

- Strong representation of female talent in development programmes (currently: 38%, in our Hydrogen programme and 31% in the GMP programme).
- A review of talent management and staffing practices against diversity dimensions.
- (Cross-)mentoring programmes for women.
- Training courses for female management staff, career advisory services, training courses on the “unconscious bias” topic.
- Large set of family support services around childcare, elder care and career advice.
- Unique company agreement about guaranteeing a prior, specific job when returning from parental leave after one year (Munich Re Munich).

As part of its Ambition 2025, Munich Re’s Board of Management decided on a new self-commitment to raise the number of female managers affecting all management positions globally to at least 40% by 2025. In 2020, we achieved 35% globally and 26% in Germany.

Find out more about our voluntary commitment on  **equal participation.**

Different generations

The active support and promotion of different generations and employees at every stage of their professional career is another component of our diversity strategy. In addition to flexible, life-phase-oriented working time and time-out models such as sabbaticals or the possibility of converting bonuses into leave time, Munich Re offers extensive employee assistance programmes that support employees around health or care-giving challenges. Wellbeing programmes, especially in times of full-scale remote working, are offered in different parts of Munich Re Group. A large number of learning programmes are open to all staff at any time in their career.

Internationality

Our global workforce offers vast potential for diverse approaches as well as risk solutions. We drive this through well-balanced teams and globally transparent staffing of key functions. At the same time, we promote the development of international expertise, filling our Group-wide talent programmes with ambitious staff from all parts of the Group. As a result, 82% of the participants in the 2020 Hydrogen talent programme and 42% in our GMP programme are working outside our headquarters.

56 *different nationalities
at Munich Re Munich*

ERGO designed a global initiative on the occasion of the “World Day for Cultural Diversity” in 2020. At the event, a digital diversity map was implemented, which offers insights into a wide range of local diversity activities – and this included 53 videos from our companies globally. 23 companies from 17 countries participated in this exciting initiative.

Networks and Employee Resource Groups

In order to respect and address the specific needs of certain groups of employees Munich Re supports numerous internal networks and Employee Resource Groups (ERG) across the businesses. We work on creating an inclusive work and company culture that benefits from understanding different types of needs and utilizing diverse points of view. The groups play a vital role in providing a better understanding of the business needs of our current and future clients, which helps us capitalise on new business opportunities. Examples of volunteer, employee-led groups and networks include: Women, LGBTIQ+, pride, disability inclusion networks, working parents, African-American-Hispanic-American groups and veterans, to name a few. Munich Re colleagues connect with each other, use professional development and support, and stretch to realise opportunities they might not otherwise get in their day-to-day roles.

Find and nurture talent: Recruiting and retention

> GRI 401-1

Munich Re presents itself to employees and applicants as a fair and responsible employer of choice, which places value on employee loyalty and job security. In 2020, despite the pandemic, we fully maintained our ability to serve all our clients. Munich Re is neither applying to governmental support programmes nor laying off staff due to the Coronavirus pandemic. Our employer promise includes a fair and transparent remuneration system as well as extensive company health management and flexible working conditions. The latter aspect has become particularly important in the pandemic, where we have expanded flexible working models significantly.

Our appreciative culture of collaboration and feedback is central to keeping employment at Munich Re appealing to our employees. This is reflected by the fact that the average lengths of service at Munich Re Group and the Reinsurance Group are 13.8 years and 14.5 years respectively. In addition, employee turnover is consistently low: In 2020 it stood at just 3.5%, which demonstrates the attractiveness of the employer of choice promise.

Recruiting young professionals

Demographic change is a challenge we take seriously. That is why Munich Re makes a continuous effort to live up to a meaningful and aspirational Employer Value Proposition, which fuels internal potential while attract-

ing new business-critical talent. In addition to programmes for the development of technical experts and managers, Munich Re also attracts students, graduates and young professionals. To this end, we cooperate with several national and international universities and connect with candidates during online and offline events. In addition, we engage our target groups through social media and global marketing campaigns in order to provide employer insights, attract talent and facilitate recruitment.

Identifying and developing high potentials

Several graduate programmes serve as important pillars in addressing the need of our Group-wide workforce to attract new, external talent. Programme duration, assignments abroad, rotation and mentorship are all designed to maximize particular skills, experience and career options. Graduate trainees enjoy the possibility of expanding their professional networks, gaining technical expertise, and enhancing their leadership skills. Trainees collaborate with experts from different fields – from data science, IT and engineering to legal and finance. All our graduate trainees benefit from a culture that thrives on diversity and lifelong learning.

EXPLORE Group Trainee Programme

Over a period of 12 to 24 months, the international EXPLORE Group Trainee Programme allows graduates to gain in-depth insight into the insurance value chain. Trainees conclude eight different employment stints in the Group, two of them abroad. The programme lets trainees gain valuable insights into our scope of topics

and industries by rotating through Munich Re, ERGO and MEAG. In addition to on-the-job training, with seminars on management topics, there is a focus on personal development measures and the chance to work on strategic projects. In October 2021, we will once again seek 10 ambitious individuals to join our EXPLORE trainee programme.

International Graduate Trainee Programme Reinsurance

In addition to our German apprenticeship and the integrated studies and training programme (AIS) the “International Graduate Trainee Programme” is a fast-paced, exciting journey into the heart to the reinsurance business field and is designed for maximum career impact. Due to a rotation system through different departments, trainees experience the breadth and depth of our business. In 2020 we trained 60 (24 female and 36 male) graduate career entrants in different international locations, each with a key focus on a particular business function, such as, for example, in the core area of underwriting.

Both these graduate programmes were awarded the “Fair Trainee Programme” certificate by the Trendence Institute in 2019. For the reinsurance segment this was repeated in 2020.



**Faires Trainee-Programm
2020**
trendence

FUTURES Trainee Programme at MEAG

The new Trainee Leadership Programme FUTURES will start at MEAG in 2021. 10 Trainees (5 female and 5 male) will be prepared over a period of 15-18 months as future leaders for the profound changes that come with a new asset management strategy. Transformational leadership, flexibilisation of work, and digitalisation of communication and collaboration are now concrete realities that will fundamentally change the way we work and lead tomorrow.

Focus on collaboration and feedback

Munich Re is committed to constantly adapting its culture to become a better place to work and to secure business success. Knowing that culture cannot be imposed, we drive various change measures to advance our company culture and working environment. Measures include a number of diverse activities in all business fields. For 2020 we put a spotlight on four interconnected initiatives: Our new performance and remuneration system in the Reinsurance Group shapes collaboration, dialogue and feedback in a revolutionary way. Closely connected to this is the further development of multi-source feedback systems such as 360-degree or leadership feedback. We also put significant effort in systematic employee surveys in all business areas and, finally, we made true progress in the further development of our daily work design and approaches.

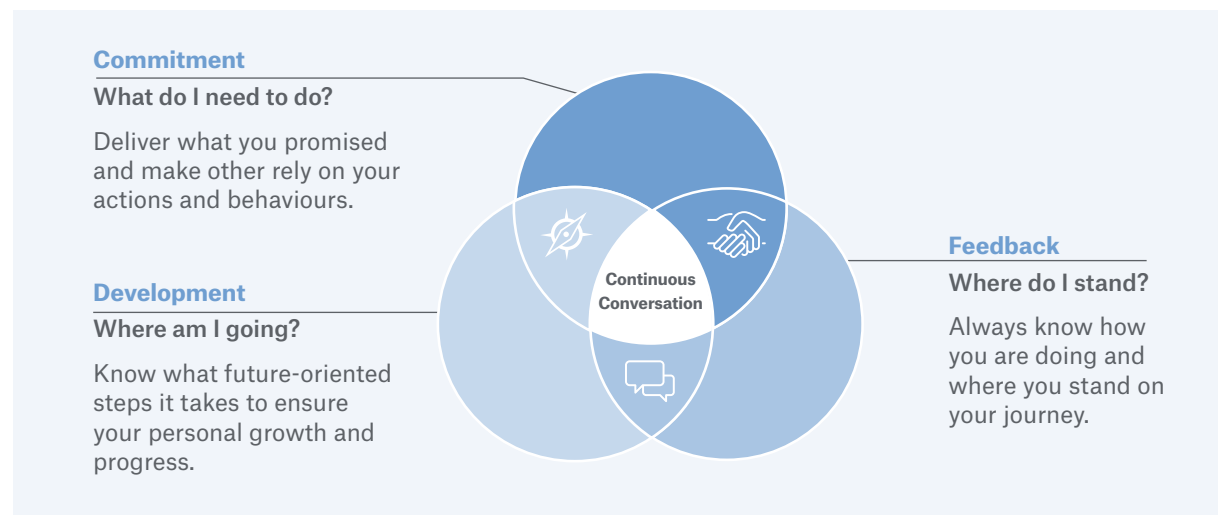
Continuous Conversations – rethinking performance management

Changing market environments demand a culture of agility and a new level of organisational collaboration. In this sense, Munich Re has understood that the existing performance management approach needed a fundamental revision – with a clear focus on collaboration, innovation and empowerment. This new, flexible approach aligns with a dynamic business environment, promotes cross-functional collaboration, helps employees and managers focus on future-orientated, strength-based learning and empowers self-responsibility and autonomy.

There are three interlocking elements behind the design of Continuous Conversations, they include: Commitment, feedback and development. At its core, the methodology involves open and honest dialogue be-

tween employees and managers. This dialogue is ongoing and embedded in daily work. It provides clarity on expectations supported by multi-directional feedback and continuous development. A significant gain lies in the fact that Continuous Conversations include no formal processes or ratings. The process relies entirely on the active engagement of employees and managers.

Implementation of Continuous Conversations was supported by comprehensive change management activities (e. g. self-directed learning, peer exchange or workshops within or across teams). Additionally, our new digital learning platform “LinkedIn Learning” is closely linked to the programme: It enables Munich Re employees to act as drivers of their own development and spurs the spirit of continuous learning.



Continuous Conversations has been implemented across the Munich Reinsurance Group and extended to more than 12,000 employees. In June 2020, a “Re_think survey” showed that appr. 75% of employees confirm that they have had meaningful conversations in this context so far.

We are particularly proud to be a winner of the HR Excellence Awards for 2020 with “Rethinking Performance Management at Munich Re”.



Leadership feedback - helping our leaders to grow

For the Reinsurance Group, closely connected to Continuous Conversations is the new Munich Re “Leaders Check-In” which enables both line managers and thought leaders to receive feedback from their teams. They then compare this feedback with their individual self-assessments of how well they are living the Munich Re values. We strive for a continuous improvement of leadership behaviour and foster dialogue regarding collaboration, individual and team development. At ERGO, senior managers profit from individual 360-degree-feedback while MEAG-managers benefit from structured leadership feedback called “The Leadership Dialogue”.

We reward success: Remuneration and pension schemes

As part of the redesign of the entire performance management, as of 1 January 2020, a global profit-sharing approach was introduced to replace current, individual variable remuneration. The only relevant key figure for the annual bonus of all employees in the Reinsurance Group will be Munich Re Group’s IFRS result. Our intention is to strengthen our global focus on consistent cooperation and joint business success.

Munich Re also offers numerous additional voluntary benefits on top of the basic salary. Our company pension scheme, in particular, plays a major role. It comprises a company pension, additional pension commitments for non-pay-scale employees and managerial staff, and the offer to convert salary components into pension benefits (deferred compensation).

Munich Reinsurance Company and ERGO are both members of the German insurance employers’ association and are consequently bound to the respective collective bargaining agreements.

Munich Re Group also complies with all the statutory requirements for employee co-determination.

Munich Re surveys – the employee’s voice

In September 2020, the Munich Re Board invited all employees of the Reinsurance Group and MEAG to participate in an employee survey. The goal of the survey was to engage staff in an open dialogue, particularly with respect to the challenges of the Corona-virus pandemic. Munich Re sought to better understand how employees want to work and collaborate in the future and how the strengths that distinguish



us could be further cultivated. The survey targeted three focal points to create a comprehensive picture of the situation: The Employee Commitment Index measured the extent to which employees are willing and able to perform, while a commitment typology for teams gave insights into how the working environment affects satisfaction and engagement. The third element, a strength and weaknesses analysis, showed where the greatest cost-benefit ratio lay for the organisation. The survey was completed by 63% of employees, which makes the results highly significant. A particularly noteworthy result of the survey shows the high commitment at Munich Re Reinsurance (Index 71) which is significantly above the external benchmark of 61 for the finance industry. MEAG shows satisfactory results as well (Index 61). Beyond that result, Munich Re is now working on further developing identified strengths and addressing any weaknesses.

The opinion of employees has also been collected systematically in primary insurance: In 2019, an International Employee Survey (IES) was conducted to measure business relevant topics, e. g. collaboration, company image and working conditions. Compared to prior global surveys in 2016 and 2017, results significantly improved in the majority of categories, which were based on an excellent response rate of 76% for ERGO Group and a Sustainable Engagement Index of 75 (total score).

In addition to the IES for ERGO Group described above, ERGO Germany launched an Employee Pulse Survey in 2020. The questionnaire covered sustainable engagement and working in times of the Coronavirus pandemic. The response rate was 70% and ERGO Germany improved in almost all aspects. The Sustainable Engagement Index increased from 69 in 2019 to 79 in 2020. It confirmed that ERGO Germany is maintaining its business performance with a much higher degree of remote working and self-responsibility of each staff member.

Reconsidering the way we work

The Coronavirus pandemic changed the way we work – fast and comprehensively. The voices of our employees show that this change should and will stay part of the way we work. In addition, there is the core question of how future talents will want to work for Munich Re. The topic “new ways of working” is currently being addressed in all business fields. Munich Re Group is gradually moving to a more self-determined workforce with the skills needed to succeed in a flexible working environment. This has been accompanied by the rapid development of flexible workspaces as well as collabora-

tion and communication tools that enable an agile work setting. Together with our employees in all business fields, we are exploring how to combine office work and working from home. Our objective is to identify ways of working that deliver the best solutions for specific tasks and serve the needs of our clients and employees.

Stay well: Life balance and healthcare services

Work-life balance is of particular importance to many employees and became even more of a challenge during the pandemic. For this reason, we support our staff with internal company agreements for individual locations and divisions allowing a well-balanced professional life. In addition, Munich Re provides concrete assistance to families. For example, in Germany, the Group offers services such as childcare in affiliated nursery facilities, an allowance in the case of privately organised childcare, parent-child office spaces, family services, holiday care services and elder care support.

Flexible working conditions

Munich Re Group offers its employees a wide range of models for flexibility in terms of time and location in their jobs. Bonuses, for example, can be converted into leave time in the form of short sabbaticals to allow employees to benefit from longer periods away from work. Longer sabbaticals are also possible. We provide numerous flexible working arrangements and most of these models are digitally supported, thus making it possible to work en route or at home.

To ensure employees safety during the pandemic, Munich Re adopted exceptions to our internal rules regarding mobile working in the context of time recording, regardless of whether the work is performed in the home office/mobile working environment or on business premises.

In 2020, almost

100%

*of Munich Re Group's employees
can work mobile*

Parental leave & career breaks

It is critical to us that employees smoothly continue their career after a parental leave. Information events and advice for parents help employees to balance work and personal interests and allow them to take advantage of measures for flexible working hours and location. In addition, parents have access to multiple child care and family support programmes (e. g. holiday programmes or elder care support). Before parental leaves, employees can also take advantage of career coaching to gain clarity on personal issues of work-life balance. Through all these measures, we facilitate re-entry after a career break and support employees on their career path. ERGO has been awarded the “audit berufundfamilie®” certificate four times since 2002 for its family-oriented personnel policy at its German locations.

Münchener Riesen – day care center for employees' children

The Münchener Riesen are a Munich Re-supported day care center (crèche, kindergarten and after-school care) close to the Munich headquarter to enable employed parents to manage their daily work-life-integration.

The facility is run by the association "Münchener Riesen e.V.", members are the parents of the children cared for there. Active cooperation and support of the parents form an important part of the overall concept. The commitment of the parents enables the development of a sustainable, lively community and constant further development. The aim of the education at the Münchener Riesen e.V. day care center is the personal development of each individual child through holistic support in the social, emotional, intellectual, creative and physical areas. The center supplements family education with age-appropriate, meaningful activities that promote the children's social and individual skills, build self-confidence and strengthen their courage to make their own decisions.

Going further for our employees

Munich Re Group's support for employee healthcare far exceeds statutory requirements. At our Munich site, for example, not only are medical care, preventative measures, sports and relaxation programmes offered, but there are also individual measures in place for the reintegration of employees following a longer illness-related break from work, as well as healthcare counselling services.

At ERGO Germany, company doctors and a social worker are on hand to help in acute cases and are also available to employees for consultation in all issues regarding health. This includes prophylactic examinations, vaccinations, first-aid care and advice on addiction and dealing with stress. "ERGO sports" is one of the most comprehensive company sports programmes in Germany.

To promote the mental wellbeing of our employees, we also offer expert counselling at several locations in

Germany to address difficulties at work or in private life. In addition, the Reinsurance Group in Munich cooperates with an external provider to offer an Employee Assistance Programme (EAP). At Munich Re Group, > 95% of employees have access to medical care such as doctors or health insurance.

Additional relevant key indicator can be found in the **key figures section**.





In 2020, a year blighted by the Coronavirus pandemic, protecting the health of our employees was a top priority for our business operations. In the Reinsurance Group, the “Emergency Management Team” and Human Resources ensured the relocation of global operations to the home office and the gradual return to business premises in the summer, as well as the close monitoring of case numbers.

Questions put to Christoph Carus, head of the Reinsurance Group's Emergency Management Team (EMT).

Munich Re reacted to the pandemic very quickly and took measures to protect its employees. How does that work in an international company?

Principally, Munich Re is very well equipped for crisis situations within its existing business continuity concepts. Our Emergency Management Team (EMT), which consists of the HR Executive Board, representatives of the relevant central functions and MEAG, deals with any kind of emergency or crisis situation. From the outset, it was particularly important to the Board to act consistently throughout the Group, even in very different circumstances. Nevertheless, local sites still had the scope to implement individual measures. Clear guidance was important in this respect: We adapted our internal EMT guideline to the particular challenges of the pandemic. This gave the EMT the necessary room to manoeuvre when it came to making rapid and effective decisions and implementing measures to combat the pandemic. And, the EMT coordinated all response activities with the Board and the relevant interface functions of ERGO and MEAG.

And how did Munich Re go about implementing pandemic measures?

First, we defined the most important factors influencing our measures. These included the medical dimension – tracking infections, infection density and possible control measures. Furthermore, we had to consider the regulatory frameworks of the respective governments or municipality. And, we also took the economic dimension into account and asked: How do we ensure that our business goes on and that the needs of customers are adequately met? In addition, we were particularly concerned about the social dimension of the pandemic, which affects our employees and considered questions

such as: What is the work situation at home, are there children to look after or parents to care for? Are our employees safe when using public transportation? And employees at increased risk of falling ill also had to be considered.

For the implementation measures in particular, we shared those with all international entities and had regular update sessions with the responsible EMT managers in the different regions. Continuous monitoring was and is particularly important to us. The implementation status at the individual sites is known at all times.

A crucial factor for effectiveness is the timely communication of our decisions and measures. Messages from the Board to all employees, the protective measures outlined in our hygiene plan, Q&A portals on the intranet and very practical information at the sites, e. g. on the availability of company canteens – communication with employees has always been a high priority.

And how do employees rate Munich Re's management during the pandemic?

We are constantly in a constructive dialog – with our employees and workers council and surveyed our staff twice – and the feedback was very positive. In particular, the exemplary effort of our medical team headed by Dr. Drees, the increased flexibility in working time arrangements and the use of home office were seen as extremely helpful. Munich Re's excellent global digital infrastructure enables our employees to operate all necessary applications from home and to stay in touch with their teams and their business partners, digitally. The commitment of all of our colleagues during this pandemic has been our most important asset.



04_Environment

Environmental and climate protection at our sites

> GRI 103

Munich Re takes its responsibility for environmental protection at our numerous sites worldwide seriously. While the direct environmental impact of our activities is limited, since our business model is not energy- and resource-intensive, we involve ourselves in areas where we can have a positive impact. Our goals and activities related to these topics focus on reducing energy consumption and associated carbon emissions, as well as on ensuring that business travel is as environmentally friendly as possible and, not least, on improving the resource-efficiency of our processes by generating less waste and using sustainable materials. In parallel with these activities, we continually sensitise our staff on how to behave in an environmentally compatible manner.

Strategic environmental management

> GRI 103

Munich Re Group has coordinated environmental activities at all sites since 2012 using a standardised, environmental management system (EMS) that meets the requirements of the international DIN ISO 14001 standard. The EMS is based on the Group's environmental guidelines and on selected key performance indicators (KPIs) that we use to assess our carbon footprint. It also defines the processes and organisational responsibilities in line.

Environmental guidelines Munich Re Group

Taking responsibility

We comply with national and international environmental regulations and other binding obligations and meet our voluntary commitments to environmental protection. In addition, we are committed to the Principles of the United Nations Global Compact (UNGC), the voluntary commitments of the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI) since 2020, the Net-Zero Asset Owner Alliance (AOA). We also take environmental and climate protection into account as part of our intra-Group commitments (Code of Conduct, procurement guidelines, company car guidelines).

Regular assessment and continuous improvement of our environmental performance

Our environmental management ensures the control and further development of our environmental measures. Our aim is to continually improve environmental protection as well as our environmental performance, and to prevent or reduce environmental impacts. The effects of our business activities are a key indicator for the assessment of our

environmental performance. We calculate carbon emissions on an annual basis in a high-quality standardised format. Our aim is to steadily reduce emissions from energy consumption, as well as from business travel, paper, water and waste. We also take account of environmental criteria when procuring products and services and meet UN Global Compact criteria when selecting and engaging our service providers.

Promoting staff environmental awareness

We promote environmental awareness and responsibility among all our staff and motivate them to engage in active environmental protection and continually improve our environmental performance. We create transparency and support staff initiatives and measures.

Communicating with stakeholders

We communicate openly and regularly to inform our stakeholders about our environmental activities and environmental performance. We seek dialogue, raise awareness and share our knowledge of environmental and climate protection, thereby promoting a general culture of environmental protection.

Our governance on environmental topics

The Board of Management is responsible for the Group-wide strategy for environmental and climate protection, and for all related measures. The function of the Group Environmental Manager is embedded in the central division Economics, Sustainability and Public Affairs that directly reports to the CEO. Our Group Environmental

Manager controls implementation of the strategy and the EMS, and coordinates the collection of data. In total, 34 environmental managers at the individual sites are responsible for preparing and implementing carbon reduction plans and measures at the sites and collecting relevant environmental data. Environmental managers are the direct contacts for employees for all corporate environmental issues, and also act as advisers to local management.

The carbon footprint of our operational activities is the key indicator for assessing our environmental record. Accordingly, we calculate the annual carbon emissions that result from our consumption of energy, paper and water, business travel, and waste generation. This is done in a standardised manner in conformity with internationally recognised methods and conversion factors, such as the GHG Protocol. In 2020, we achieved a data coverage of 82% of employees and extrapolated the calculated carbon equivalents to 100%. An **external auditing company** confirmed that we have met the required quality for environmental indicators throughout the Group since 2015.

In 2020, we continued reducing our environmental impact through e. g. energy efficiency measures. In addition, the reduction of business travel and increased use of digital communication tools in 2020 further reduced our environmental impact. Thus, we exceeded our reduction target of 35% per employee (2009–2020) by far and achieved 58% less carbon emissions in 2020 (44% less in 2019). While we continued to actively reduce our environmental impact in 2020, the results have to be interpreted against the backdrop of the Corona Pandemic.

Our success since 2009 in a nutshell:

-58% carbon emissions per employee

90% green electricity Group-wide

100% carbon neutrality of our remaining carbon emissions since 2015

Munich Re has also offset its remaining emissions, effectively making itself carbon-neutral since 2015. This was achieved by purchasing carbon credits from projects that avoid emissions by installing technologies,

which enable energy consumption from renewables or enhance energy efficiency.

We follow strict requirements when selecting carbon offsetting projects. For example, at least one of the projects must meet the Gold Standard and be implemented in one of the world's least developed countries. In addition, we place a special emphasis on maintaining societal standards. We primarily support projects that promote health, facilitate education, develop local infrastructure, avoid deforestation and maintain biodiversity.

Climate Ambition 2025: Bold targets for our own emissions

We trust in the scientific evidence on climate change and align the decarbonisation pathway of our own emissions with the Paris Agreement. We support the

international efforts to keep the global temperature increase well below 2 degrees while mitigating the effects of climate change. To achieve this, humanity's CO₂ emissions must be reduced significantly and fast. But this is not enough. To achieve a decarbonised economy in 2050, CO₂ must also be removed from the atmosphere to achieve the goals of the Paris Agreement.

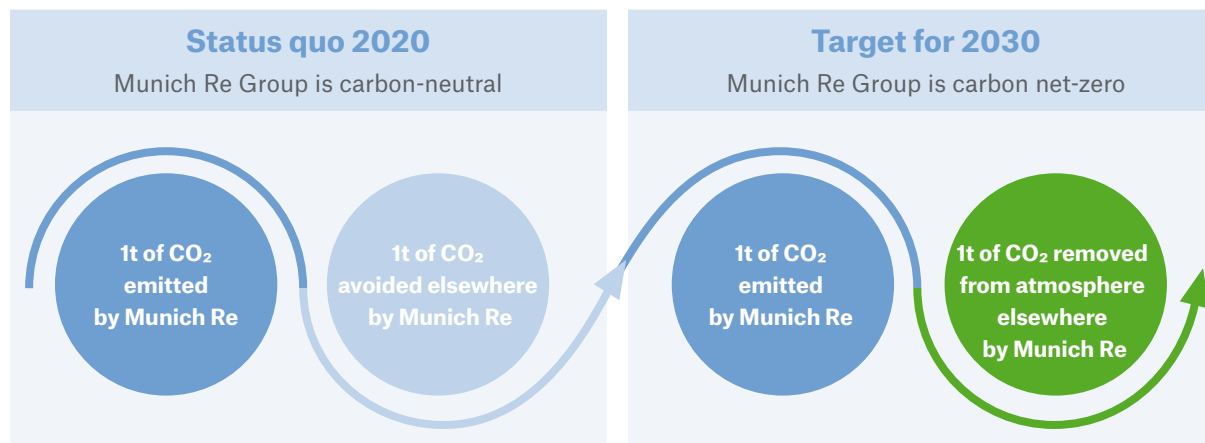
The Group has therefore taken an holistic approach and set itself ambitious decarbonisation targets for its investments, its (re)insurance transactions and its own emissions from operational processes.

Our Climate Ambition 2025 and beyond:

12% less CO₂ per employee 2019 to 2025

100% green electricity by 2025

Group is carbon net-zero in 2030



As we realise that the world has to make an even bigger effort to achieve the goals of the Paris agreement, we decided to go a few steps further. The first step is our intermediate target of reducing our own carbon emissions per employee a further 12% by 2025 (base year 2019). We will achieve this by focusing on the main triggers of our emissions – energy consumption and business travel. Our goal is to increase our current purchase of green electricity from about 90% to 100%, Group-wide by 2025.

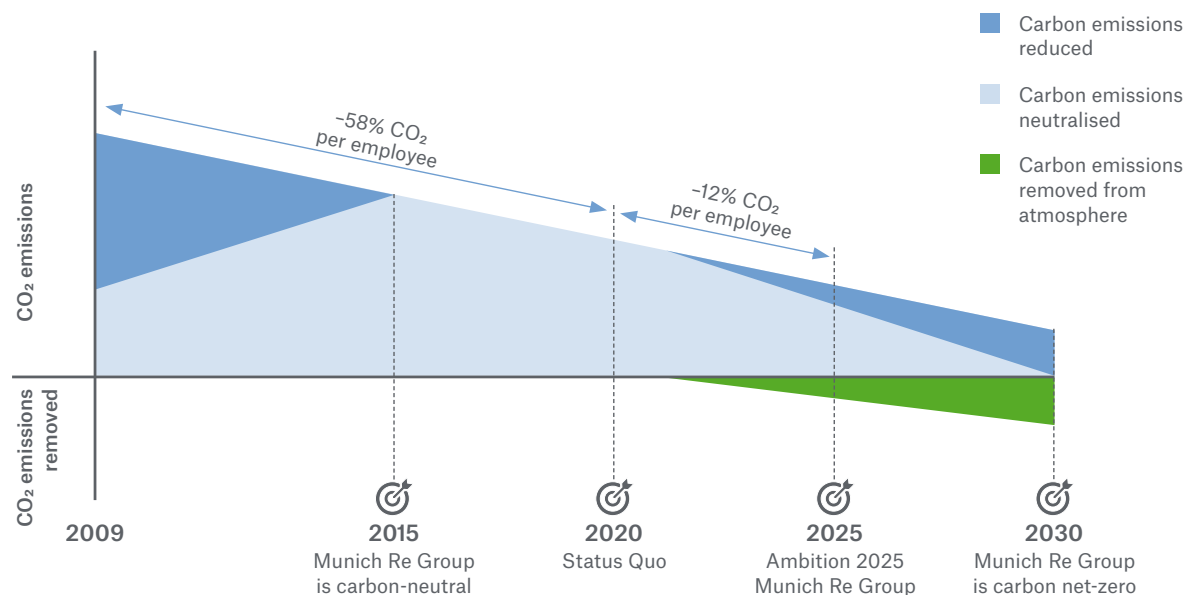
In addition to these measures on carbon reduction, carbon removal from the atmosphere is also crucial. Therefore – as a second step – we set ourselves a carbon net-zero goal by 2030 for our own operational emissions. This means that every gram of CO₂ we still emit, will be removed from the atmosphere by way of financing re- and afforestation or carbon capture and storage (CCS) projects.

In addition to Group's clear carbon reduction targets and the carbon net-zero strategy for our own emissions, the employees' commitment to environmental protection also pays off in terms of achieving Group's climate targets. And, Munich Re engages in a number of local and national climate protection initiatives in order to support efforts for climate change mitigation.

Munich Re's path to carbon net-zero in 2030

(emissions from own operations)

We will achieve this goal step-by-step by remaining carbon-neutral until the net-zero target is achieved Group-wide. Our net-zero journey will start with decarbonising our Munich headquarter by 2021.

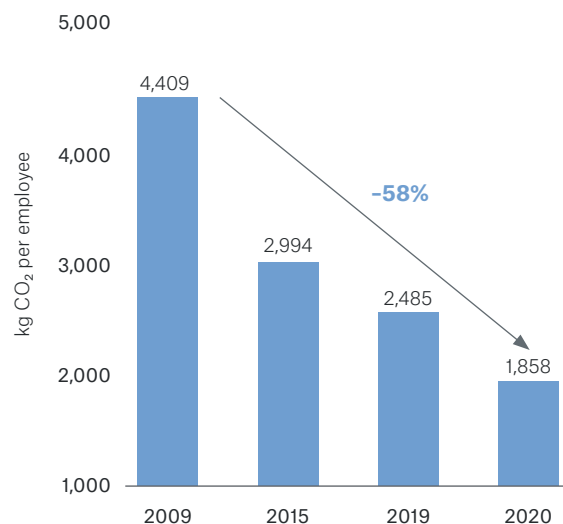


Lowering our environmental impact on our sites

> GRI 103

We focus on measures that offer maximum leverage in reducing our carbon emissions. These include increasing energy efficiency in the operation of our buildings, substituting fossil energy with renewables, reducing business travel and using environmentally friendly consumables.

Overall result 2009 to 2020 -58% CO₂ per employee



We clearly exceeded our 2020 reduction target of -35% per employee (2009–2020) by building on 11 years of successful environmental management.

Overall, Munich Re has exceeded its latest carbon reduction target by far. We measured the carbon impact of our consumption of energy (natural gas, fuel, electricity), business travel, water, paper and waste production continuously and consistently, while using standardised conversion factors to calculate the carbon equivalents. And the quality of our environmental figures has been audited by a third party, since 2015.

Deep dive into single key performance indicators

Energy

Munich Re Group has lowered its energy consumption by almost 24% per employee since 2009. And carbon emissions of energy consumption per employee have decreased by more than 41%, mainly due to the purchase of green electricity. Additionally, energy management systems such as DIN ISO 50001 (e. g. at Munich Re headquarter in Munich) and DIN EN 16247 (audited by a third party) are in place. Among the main triggers for the reduction in consumption of energy are the modernisation and maintenance measures at our premises. And our environmentally friendly behaviour has paid off: the routine purchase of green electricity has led to record CO₂ reduction, with about 90% of our electricity coming from renewables in 2020. As of 2016, we have accounted for the individual carbon impact of purchased electricity for each respective site: This is either green electricity (location based) or power from the respective country mix according to the Greenhouse Gas Protocol standard (market based).

2009–2020 per employee

- 24% energy consumption MWh
- 41% carbon emissions from energy

Business travel

Munich Re is a company with intensive customer relationships, therefore travel activities are unavoidable. From 2009 to 2019, the average business travel distance per employee was largely stable, but the carbon impact of business travel could be reduced by more than 23% per employee. In 2020 – due to Corona pandemic – business travel decreased significantly. This led to a decrease of 64% regarding travel distance and 69% regarding carbon impact, both per employee. Nevertheless, one contributing factor of the good results in the previous years would be the use of environmentally friendly company cars and carbon-neutral rail travel. Our efforts to electrify the company fleets are ongoing and, as of 2016, we account for the individual carbon impact of our fleets at each respective site. Thus, purchasing efficient vehicles is directly reflected in the CO₂ footprint of the sites and the visible impact of our environmentally conscious decisions is a great motivation to continue.

Additionally, increased digital communication will have an effect on our future travel behaviour, which we have taken into account in our new carbon reduction target (-12% per employee 2019–2025).

2009–2020 per employee

- 64% travel distance
- 69% carbon emissions from business travel

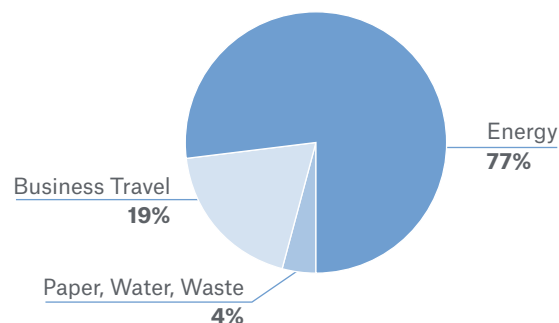
Paper, water, waste

Paper, water and waste is a minor part of Group's carbon footprint – less than five percent. We have reduced water usage by installing efficient equipment and detecting leakage. Additionally, the use of paper has decreased by more than 40% since 2009 and this is an ongoing trend we support by using electronic files, double-sided printing if necessary or by avoiding printing completely. We continuously aim for raising the share of recycled paper. And carbon emissions from waste were kept almost completely stable.

2009–2020 per employee

-44% carbon emissions from paper, water, waste

Spread of Munich Re Groups' environmental indicators in 2020



Employees engage in environmental friendly activities

To ensure safety and avoid infections within the Corona-virus pandemic, in-person environmental related activities for our employees could not take place. Never-



theless, ERGO's employees did take part in digital engagement:

Worldwide challenge for employees: Delete data, protect the climate and do good

In Germany and internationally, numerous ERGO companies once again took part in the Group's Data Delete Challenge. For one week in November 2020, employees deleted data they no longer needed. The proud result: more than 18,000 gigabytes data deleted, equivalent to 3.4 tonnes of CO₂.

Less storage space consumes less energy. It reduces CO₂ emissions and protects the climate. Additional motivation is provided by the donations that the three winning companies can give to social projects of their choice.

ERGO China Life deleted the most data per employee. They won the challenge and with it a Christmas donation of 5,000 Euro. They chose to support the "Jinan Xing Shen Caring Centre", a charitable institution that helps autistic children.



05_Society

Societal responsibility


> GRI 103

As a responsible company, we are committed to public welfare and cohesion within our society. And our corporate responsibility strategy forms the basis of our societal commitment.

Our chosen fields of action involve issues for which we can provide expertise and risk competencies, allowing us to have the biggest societal impact possible. Specifically, we focus on three significant global challenges as part of our societal commitment: Combatting climate change and its consequences, improving access to healthcare, and increasing risk awareness.

Furthermore, we promote social and cultural projects at our sites and provide support for emergency measures following natural disasters. Our employees also make a significant contribution through corporate volunteering projects – something that we actively promote and support. We are reinforcing this approach by including concrete goals for social engagement in our Group-wide Ambition 2025:

- Support at least 500 projects in our communities
- Enabling staff to contribute – in Munich Re and beyond

Our societal commitment is regulated by  **Group-wide guidelines** on donations, sponsoring, memberships and social cooperation agreements. The guide-

lines include binding principles, consultation and approval processes, decision criteria and responsibilities for societal contributions. Our Code of Conduct also makes reference to these criteria. Each site selects its own projects and allocates its own resources in accordance with the guidelines – in addition to selected Group-wide activities that are coordinated by the Group's Sustainability team. On an annual basis, we monitor social activity expenditures with a standardised, Group-wide reporting system. Additional measuring of the impact of our activities helps us to increase the effectiveness of our expenditures.

In addition, our focus on activities related to climate change, health, and risk awareness in 2020, we made a major Group-wide commitment to combating the effects of the Coronavirus pandemic in particular.

Responding to climate change

Our climate protection activities concentrate on the Tackling Climate Change Together (TCCT) initiative, which is driven by both Munich Re and ERGO. This initiative was taken to the next level in 2020 when the Boards of Munich Re and ERGO decided to support ecosystem-based adaptation initiatives – in addition to the ongoing sponsorship of start-ups that offer climate change related solutions. Ecosystem-based adaptation involves maintaining, sustainably using, and regenerating ecosystems to limit the regional effects of climate change, and to ensure the basis of existence for people affected in a given area.



Ecosystem-based adaptation worldwide

Those who suffer most from climate change impact, such as extreme weather, are often those who already live in difficult economic circumstances. With our engagement in ecosystem-based adaptation within TCCT, we support initiatives that help mitigate the consequences of weather-related natural catastrophes and enable people to better adapt to climate change. We do not just provide the financial means but also the necessary expertise and experience.



Protecting communities and the economy in the Mekong Delta

Together with its partner, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, TCCT started a project that aims to replant mangrove forests in Vietnam's Mekong Delta. Mangroves sequester between three to five times more carbon dioxide than tropical forests, storing it underwater and below ground. As long as the mangrove forests remain intact, they make an important contribution to climate protection. With around 18 million inhabitants, the Mekong Delta is one of the most important economic regions in Vietnam and the third-largest industrial region. The very existence of local communities and their emerging economy are under acute threat from storms, floods and the resulting erosion of the coast. The mangrove forest ecosystem is crucial to protecting the Mekong

Delta, yet the forests are being destroyed at an alarming rate by pollution, deforestation for farm land, fisheries and shrimp farming. TCCT and GIZ's project aims to restore the ecosystem by rehabilitating the mangrove forests, thereby securing the basis of existence for many people.

Protecting tropical forests, securing natural resources

As a second project, the TCCT initiative supports the work of the tropical forest charity OroVerde, Tropical Forest Foundation in Latin America. The increasing frequency of droughts, heavy rainfall, floods and tropical cyclones also threatens many regions in the Caribbean and Central America. For over 30 years OroVerde has been working to protect the tropical rainforests and to provide the locals with opportunities to sustain their livelihoods. Over the next three years, Munich Re will

be supporting the work of OroVerde in three project areas: Mexico, Guatemala and the Dominican Republic. Financial means will be used to renew and protect the forests, take measures to regenerate the forest floor and to support local farming. For example, agroforestry systems that combine elements of agriculture with forestry will be built up. A share of the donations will also be used to equip fire fighters with protective gear so that they can better contain forest fires, which are also occurring more frequently in the tropics.

Online content: Learn more about activities with OroVerde



Support climate-stabilising local forests

Thanks to the support of Munich Re, the test design of the German Forest Protection Association in the Grub Teaching and Trial Forest has been significantly expanded. The forest stands in the greater Munich area and has been severely damaged by heat and drought in some areas. When reforesting the destroyed areas, classical planting methods often show high failures in the following years.

The experimental plantings could be considerably increased by another 1,000 trees on 250 plots with the tree species Norway maple, bird cherry, pedunculate oak and sessile oak. The research design allows scientific monitoring of the effects of climate change on the establishment of new forests. Plants were placed in the ground bare-rooted, as root balls, and in a special planting pot. These three planting methods were each enhanced by the addition of plastic-free, biodegradable and high water-storing algae preparations. The programme places special emphasis on water availability in the years following planting. It is known from studies that the associated root development of young plants is a decisive factor in their survival. In 2021, Munich Re will extend this engagement significantly with the voluntary engagement of employees.

Promoting start-ups and cleantech solutions

The EIT Climate-KIC (Knowledge & Innovation Community) is the European Union's largest public-private climate initiative. Its efforts include a successful accelerator for cleantech start-ups, which supports

young entrepreneurs who develop businesses focusing on positive climate impact and sustainability. Munich Re and ERGO run an exclusive Corporate Innovation Programme with the Climate-KIC Accelerator. It was launched in September 2017 as an agile approach to scouting and fostering sustainability solutions that tackle climate change challenges.

€ 170,000

direct financial grants in 2020

The entrepreneurial support programme can last up to 18 months for each start-up – depending on how mature a start-up is. Each start-up receives up to €95,000 in financial assistance. Workspaces in various locations are also available for use by entrepreneurs. Munich Re and ERGO are an ideal fit for the EIT Climate-KIC Accelerator programme as they have extensive expertise in developing solutions aimed at adjusting to climate change and in mitigating its consequences. Therefore, as an additional benefit, young entrepreneurs receive coaching and regular mentoring from Munich Re and ERGO staff members.

7 start-ups

supported in 2019/2020

The above approach gives Munich Re and ERGO access to young businesses, which receive technical and financial support in return – while society benefits from climate-protection solutions. We have sponsored 20 start-ups across six different batches of entrepre-

neurs since 2017. The start-ups were chosen based on feasibility, innovativeness, team, long-term outlook, scalability, climate impact benefit and relevance to Munich Re and ERGO. In the fifth and sixth accelerator phases (2019/2020) Munich Re and ERGO supported seven innovative start-ups.

Online content: [Learn more about our engagement in start-ups](#)

Better access to healthcare

MARC Life partners with the American Cancer Society (ACS)

Munich Re embarked on this partnership to advance cutting-edge cancer studies through research collaboration, funding of grants and employee engagement. It began with Munich Re Life US entering into a four-year partnership with the American Cancer Society (ACS) to amplify both organisations' commitment to saving more lives from cancer. Munich Re Life US and ACS will collaborate on cancer-related research initiatives involving our respective research and medical teams. In addition, Munich Re Life US partially funds two critical ACS Research Scholar Grants in the aggregate of \$250,000 as well as activate employee-giving by launching nationwide philanthropic campaigns and volunteer opportunities. This partnership makes Munich Re the first company in the reinsurance space to support ACS Research Scholar Grants. Recipients are early-stage investigators with innovative ideas that are on the cutting edge of science.

Big Data against infectious diseases

Mosquitos are among the most dangerous animals, worldwide. Therefore, Munich Re supports cutting-edge research by the Max Planck Society to find out how diseases like Malaria or Dengue will evolve due to a changing natural environment for mosquitos triggered by climate change. This research project will analyse mosquito samples from Africa and Latin America and will investigate the influences of climate and weather on the microbial communities within mosquitos for the first time. The central question is, whether and how a changing climate influences the ability of mosquitos to spread diseases.

Munich Re helps during the Corona pandemic

Since the coronavirus pandemic began, Munich Re colleagues from all over the world have been pitching in by donating money or volunteering their time. In addition to staff members' considerable dedication, our Group utilised numerous initiatives to channel resources, time and expertise to those who need it. There have been various initiatives in our Group, worldwide. In the following we will describe four of them.

ERGO Düsseldorf: Optimising the municipal coronavirus hotline

Under urgent circumstances triggered by the pandemic, ERGO very quickly aided the city of Düsseldorf by leveraging its extensive expertise in both call-centre management and speech-recognition systems.



ERGO Direkt call-centre experts and the speech-recognition team at ERGO partnered with the Düsseldorf crisis-management team to support the coordination of COVID-19 tests. It took just one week of close teamwork to find a viable solution and call-centre structures and dialogue guides were optimised. The

team also developed a phone bot that filtered incoming calls and separated people requesting COVID-19 testing from hotline users calling for other reasons. As a result, the coronavirus hotline has since been able to handle the extraordinary volume and callers are now transferred faster to the right department.

DKV Seguros in Spain: Free online medical consultations

Few countries in the world have been hit harder by the Coronavirus pandemic than Spain. In this extreme situation, DKV Seguros responded quickly. As part of the “#DoctorsAgainstCOVID” initiative, DKV Seguros colleagues granted everybody in Spain free access to their digital platform “Quiero cuidarme Más”. This allows patients to contact doctors and take part in telemedicine consultations – around the clock. The initiative relies on various medical associations and 873 volunteer doctors, who have performed some 13,000 online consultations until spring 2020. This considerably reduces the burden on the Spanish health-care system, which has been strained by the pandemic. In addition, DKV Seguros’ digital platform helps provide care to people who have serious, pre-existing conditions – but are afraid to seek out on-site medical care because of the pandemic.

Munich Re North America Life: COVID-19 research database

Leading healthcare companies have teamed up to share pandemic-related data in a secure COVID-19 research database, facilitating wide-ranging research on the current global health crisis. The database is a pro bono collaboration. Munich Re Life US plays a key role as the consortium’s sole (re)insurer at this time. The data sets in the database are made available to specialists, with consortium members seeking to both extract insights and help public health and policy researchers combat the COVID-19 pandemic. Leading scientists at Stanford University are overseeing the research projects associated with the database.

Munich Re’s fund-raising campaign “Together we care – Donate to fight corona!”

Munich Re launched a donation campaign involving all employees worldwide to support the crucial work of international and local aid organisations during these challenging global pandemic times. Over a period of three months, all employees had the possibility to support several international and local aid organisations to fight COVID-19. At the end of our fund-raising campaign the amount donated was doubled by Munich Re in recognition of the great participation and commitment of our staff. The main partners of the campaign were “Save the Children” and “Doctors Without Borders”, which are active in well over 100 countries, including many countries with Munich Re locations.

Increasing risk awareness and promoting risk prevention

Munich Re is an anniversary partner of “Aktion Deutschland Hilft”

Founded on March 6, 2001, the Alliance for Emergency and Disaster Relief today comprises more than 20 renowned German aid organisations and, together, they intend to provide faster and better coordinated assistance after disasters. This includes measures such as the provision of clean drinking water, food and essential medicines as well as psychological trauma support, emergency shelters and reconstruction.



»We thank Munich Re for your commitment as a partner for children. Your donation enables us to be active worldwide for children and their families during the Coronavirus crisis. Your commitment is extremely important and gives many children prospects. With our activities, we can also improve the situation on the ground. Whether through healthcare programmes, hygiene training or emergency relief deployments – your donation makes a decisive contribution to children in need.«

_Susanna Krüger, CEO Save the Children, Deutschland

“Aktion Deutschland Hilft”, together with the alliance organisations, is focusing on disaster risk reduction for its 20th anniversary in 2021. And the alliance will highlight the growing relevance and urgency of disaster prevention and preparedness (in light of the increases in natural catastrophes, extreme weather events and world population) with a large-scale anniversary campaign entitled “Be faster than disaster”. Munich Re supports this campaign financially.



The member organisations of “Aktion Deutschland Hilft” are implementing a large number of aid projects for disaster preparedness, around the world. On the occasion of the anniversary campaign, the aid organisations are ready with more than 60 projects, e. g. to set up early warning systems, conduct evacuation training, promote the construction of shelters or implement measures to better adapt to climate change.

Disaster relief

Rapid disaster relief for people in need

For many years, Munich Re has provided financial support for emergency aid measures and reconstruction projects following natural disasters. To this end, we work closely with and support the humanitarian aid organisation Save the Children. Since 2019, Munich Re is also a formal partner of Save the Children.

Disaster relief after storm events supported by Munich Re in 2020 included Tropical Cyclone Harold across the Solomon Islands, Vanuatu and Fiji; Cyclone Amphan

hitting Odisha, West Bengal and Bangladesh; Tropical Storm Amanda on Central America’s Pacific coast; Typhoon Goni in the Philippines; and Hurricane Eta hitting Guatemala and Nicaragua. On behalf of Munich Re, Save the Children supported more than 600 families and provided a further 1000 adults and children with shelter, emergency kits and financial aid.

In addition to the storms named above, Munich Re supported aid measures in Ethiopia, Somalia and Kenya with a particular focus on child protection. A locust infestation halted local food production in 2020 and put yields at risk across the Horn of Africa. This was an especially worrying development during the ongoing Coronavirus pandemic. Save the Children could directly reach over 2,500 children with Munich Re’s support.

Local initiatives at our sites

Financial support

In addition to our three focus areas, Munich Re is also committed to social and cultural projects at the respective company locations to help people in need. In 2020, this help was strongly influenced by the Corona pandemic. For example, various children’s and youth facilities were supported in setting up digital support services. And we also provided financial support to senior citizens’ homes and women’s shelters, some of which were severely affected by the Corona pandemic.



Munich Re US partners with Team Rubicon

Munich Re US Strategic Products recently formed a partnership with Team Rubicon, an international non-profit organisation that helps communities respond to disasters and humanitarian crises. The partnership will fund the rebuilding of homes, to a FORTIFIED standard, in under-served communities that have been

damaged by natural disasters. The standard, developed by the Insurance Institute for Business and Home Safety (IBHS), is a set of construction standards and methods designed to help homeowners build or renovate homes that are more resistant to natural hazards like hurricanes, high winds, hail, and severe thunderstorms.

The partnership helps low-income, under-served communities to begin recovery sooner and be more resilient

to future disasters. It is a unique collaboration that uses a hybrid strategic partnership – charitable donation approach – Munich Re US will fund the retrofit and construction of FORTIFIED roofs while Team Rubicon will manage the construction projects directly.

This is an important partnership for the Munich Re Strategic Products team whose mission is to close protection gaps from climate-related perils. Under-served communities are less likely to buy insurance, which makes them disproportionately more vulnerable to severe weather events than other groups. Many factors contribute to a community being under-served, and measures such as increasing awareness of the FORTIFIED standard help build community-wide changes that increase resilience.



Employee Engagement

We also show our commitment to numerous social, cultural and ecological projects at our different sites through corporate volunteering. Many of the initiatives are the result of ideas from our employees and are driven by them. Munich Re supports its employees' voluntary work and has integrated this commitment into its Ambition 2025. At Munich Re Munich for example, employees can receive up to two days for special leave, when they dedicate their own annual leave for volunteering. At Munich Re Munich, the Schinzler Foundation supports our employees' voluntary work by giving grants to various projects.


>900

organisations supported in 2020

Wish Tree Campaign

The Schinzler Foundation also initiated the “Wish Tree Campaign” at Munich Re Munich. In 2020 more than 800 sick or socially disadvantaged children and teenagers received Christmas presents through this campaign made possible by the solidarity of Munich Re Munich’s employees. A total of 18 medical and welfare organisations were included in this campaign, which took place under challenging conditions due to the Corona pandemic. The selected organisations handed over wish lists to the Schinzler Foundation team, which then placed each wish on a specially created digital “wishing tree” web page. Just a few days after the web page was published, all wishes were matched with a “wish fulfiller”.

Marcha Solidaria – virtuel in 2020

DKV Seguros arranges a  **Marcha Solidaria** in the interests of the community every year. In 2020, due to Coronavirus pandemic, this was done virtually. Through the SolidaridadDKV app, developed by start-up, IWOPI, a total of 229 people including employees, clients, health professionals, friends and family participated in this tenth edition of the virtual Solidarity March. In total a distance of 10,500 kilometres was covered by participants of the first virtual Marcha Solidaria and these were converted by DKV into €10,500 for the Red Cross Respond Plan. This donation enabled the Red Cross to provide 4,700 food packages to vulnerable.

All key data for the society section can be found in the table beginning  on page 97.

Foundations take on responsibility worldwide

The corporate responsibility of the Munich Re Group is supplemented and effectively complemented by the work of five different foundations:

Munich Re Foundation

Munich Re Group concerns itself with the great challenges facing the world today: Population growth, globalisation, diminishing resources, environmental pollution and climate change. And the Munich Re Foundation aims to identify risks and measures to counteract and help overcome them. The objective is to better prepare people at risk and to improve their living conditions. As critical thinkers and reliable partners, the Foundation can stake a claim to having the ability to find long-term solutions.

Dr. Hans-Jürgen Schinzler Foundation

The Dr Hans-Jürgen Schinzler Foundation was established in 2004. It supports projects in which employees volunteer and provides a platform for engagement opportunities. In addition, the foundation organises an annual “Social Day” where employees can work voluntary on selected social projects.

ERGO Youth & Future Foundation

The ERGO Foundation Youth & Future supports young people in shaping their future in a self-determined and successful way. The focus project “Job Locomotive” qualifies disadvantaged young people for working life and supports them in developing their career prospects.

DKV Seguros Integralia Foundation

The DKV Integralia Foundation, established by DKV Seguros, has been working in the field of social and professional integration of people with physical disabilities since 1999. For this purpose, the foundation has set up several call centres in Spain so that people with physical disabilities can work there.

ERGO Hestia Integralia Foundation

Integralia’s mission is to support people with disabilities in Poland on their path to professional self-realisation. The Foundation creates suitable workplaces in the ERGO Hestia Group and in other companies and institutions.



06_Key figures, indices, annex

Important facts and figures

At Munich Re, we place particular emphasis on transparency and information of 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

Online content: Find all information about our financial figures on our corporate website

Environmental indicators

> GRI 302-1-5; 305-1-5; 306-2

A key component of our Group-wide environmental and climate protection strategy is the continuous reduction of our consumption of resources and our resulting CO₂ emissions.

In our reporting, we focus on the main direct impacts of our business operations on the environment and climate. These are the consumption of energy, paper and water, the waste we produce and the number of business trips we make. The resulting CO₂ emissions are measured and externally quality assured. The continuous reduction in these emissions is the main indicator of success for our environmental performance and has been achieved throughout the Group.

To calculate the Group-wide carbon savings targets, from 2009 to 2015 (-10%, kg of CO₂ per employee), we used the conversion factors of the Greenhouse Gas Protocol (GHGP) and the Association for Environmental Management and Sustainability in Financial Institutions (VfU) – from 2011 in each case. Green electricity was not included in the accounting, thereby ensuring that the quantitative values remained comparable over the target period. In 2015, a new environmental and climate protection strategy was approved by the Board of Management and the CO₂ saving target was expanded – from 2009 to 2020 we wanted to achieve Group-wide CO₂ savings of 35% per employee. The figures from 2017 to 2019 are only comparable to a limited extent with the 2009 figures. This is because different conversion factors are used for the calculation of carbon emissions, and due to differences in the calculation of carbon emissions from renewable energy.

From 2016, the Group's carbon emissions are calculated using the latest conversion factors from the GHG Protocol and the VfU. We use the GHG Protocol for the conversion of Scope 1 emissions (direct energy), for electricity falling under Scope 2 emissions (indirect energy), and for the "short- and long-haul flights" components of the "business trips" element of Scope 3 emissions. In 2020, the Group-wide share of electricity from regenerative sources of 90%** is calculated with 0 emissions. A market-based approach is used to calculate the Scope 2 emissions resulting from electricity consumption, taking into account the fact that a share of 90%** was derived from regenerative energy sources and calculated as emission-free. For the remaining electricity consumption, country-specific conversion factors were used, that derive from the average local power mix. The VfU conversion factors

are taken as the basis for calculating the Scope 2 emissions "district heating" and the Scope 3 emissions from paper, water and waste, as well as the "taxis, hire cars, train journeys" components of the "business trips" element. Business trips with company cars are calculated with individual factors for the fleet in question, assuming they are available. If not, the VfU conversion factor is used.

Sources of CO₂ emissions:

- Scope 1: Direct emissions from primary energy consumption (natural gas, heating oil, emergency diesel power, fuel for company cars),
- Scope 2: Indirect emissions from procured energy (purchase of electricity, district heating and district cooling),
- Scope 3: Other indirect emissions (business trips, consumption of paper and water, waste).

** Selected quantitative environmental indicators are verified Group-wide by an external auditing company.

General information	Unit	2020	2019	2018	2009 (base year)
Munich Re Group employees as at 31.12.2020	Number of employees	39,642	39,662	41,410	47,249
Gross premiums written Munich Re Group	€bn	54.9	51.5	49.1	41.4
Proportion of employees captured by the environmental data collection	% employee	82**	83	83	84
Proportion of employees who were verified by a third party	% employee	100**	100	100	no data
Proportion of employees captured by an environmental system certified to ISO 14001	% employee	46**	40	38	no data
Total CO ₂ emissions Munich Re Group	Metric tonnes (t)	73,285**	98,393	103,024	217,315
	Metric tonnes (t)/employee	1.85**	2.48	2.49	4.40
CO ₂ savings per employee since 2009	% employee (kg CO ₂)	58	44	44	-
CO ₂ intensity	Metric tonnes (t) CO ₂ /€m gross premiums written - Munich Re Group	1.33	1.91	2.10	5.25

Scope 1	Unit	2020**	2019	2018	2009 (base year)
Direct energy consumption	MWh total	167,897	159,443	165,385	195,291
	MWh/employee	4.24	4.0	3.99	4.13
CO ₂ emissions from direct energy consumption	Metric tonnes (t) total	44,105	44,023	45,730	65,932
	Metric tonnes (t)/employee	1.11	1.11	1.10	1.4

Scope 2 ¹	Unit	2020**	2019	2018	2009 (base year)
Indirect energy consumption	MWh total	177,031	201,455	217,714	348,885
	MWh/employee	4.47	5.10	5.26	7.38
CO ₂ emissions from indirect energy consumption (market-based)	Metric tonnes (t)	22,290	27,226	31,713	117,476
	Metric tonnes (t)/employee	0.56	0.69	0.77	2.49
CO ₂ emissions from indirect energy consumption (location-based)	Metric tonnes (t)	51,933	63,813	68,237	-
	Metric tonnes (t)/employee	1.31	1.61	1.65	-

¹ Green electricity was considered for the first time in 2016.

Scope 3	Unit	2020**	2019	2018	2009 (base year)
Other indirect CO ₂ emissions (water, waste, paper, travel except combustion from company cars)	Metric tonnes (t)	6,890	27,144	25,581	33,352
	Metric tonnes (t)/employee	0.174	0.68	0.62	0.71

Energy	Unit	2020	2019	2018	2009 (base year)
Total energy consumption (Scope 1 and 2)	MWh total	344,928**	360,897	383,101	543,365
	MWh/employee	8.70**	9.10	9.25	11.50
Percentage of total electricity consumption from green electricity	Share in %	90**	90	86	28
CO ₂ emissions from energy (Scope 1 + Scope 2 marked-based)	Metric tonnes (t)	66,395**	71,249	77,443	183,408
	Metric tonnes (t)/employee	1.67**	1.80	1.87	3.88
Energy intensity	MWh/€m gross premiums written	6.35	7.01	7.80	13.14

Energy consumption by type	Unit	2020	2019	2018	2009 (base year)
Liquid fuel	MWh	806	665	742	573
Natural gas	MWh	167,092	158,778	164,644	194,718
Thereof natural gas for cogeneration	MWh	139,214	134,970	138,300	65,715
On-site energy generation	MWh	120,847	131,395	111,055	0
Total electricity consumption	MWh	111,206	125,839	133,518	236,939
Thereof electricity consumption from renewable sources	MWh	100,118	112,664	114,825	66,343
District cooling	MWh	4,593	8,047	9,481	12,998
District heating	MWh	61,232	67,569	74,448	98,136

** Selected quantitative environmental indicators are verified Group-wide by an external auditing company.

Paper	Unit	2020	2019	2018	2009 (base year)
Paper consumption	Metric tonnes (t)	882**	1,134	1,200	2,366
	Metric tonnes (t)/ employee	0.02**	0.03	0.03	0.05
Recycled paper	Share in %	10**	33	20	17
CO ₂ emissions from paper	Metric tonnes (t)	970**	1,339	1,415	2,839
	Metric tonnes (t)/ employee	0.02**	0.03	0.03	0.06
Paper intensity	Metric tonnes (t)/€m gross premiums written	0.015	0.02	0.02	0.06
Water	Unit	2020	2019	2018	2009 (base year)
Water consumption	Cubic metres (m ³)	507,238**	665,766	658,217	859,181
	Cubic metre (m ³)/ employee	12.8**	17	16	18.2
CO ₂ emissions from water	Metric tonnes (t)	355**	466	460	639
	Metric tonnes (t)/ employee	0.01**	0.012	0.011	0.014
Water intensity	Cubic metres (m ³)/€m gross premiums written	9.3	12.9	13.4	20.7
Business trips	Unit	2020	2019	2018	2009 (base year)
Business trips	Kilometres (km)	106,492,210**	304,395,351	291,670,161	350,167,683
	Kilometres (km)/ employee	2,686**	7,675	7,043	7,411
Air travel	Kilometres (km)	31,348,310**	192,476,667	177,945,204	189,257,132
Road or rail travel	Kilometres (km)	75,143,900**	111,918,684	113,724,957	160,910,551
CO ₂ emissions from business travel	Metric tonnes (t)	13,941**	34,363	33,111	53,195
	Metric tonnes (t)/ employee	0.35**	0.87	0.80	1.13
Business travel intensity	Kilometres (km)/€m gross premiums written	1,961	5,911	5,940	8,453

Waste	Unit	2020	2019	2018 ²	2009 (base year)
Waste generation	Metric tonnes (t)	5,820**	9,870	10,864	14,054
	Metric tonnes (t)/ employee	0.15**	0.25	0.26	0.30
Waste for incineration hazardous	Metric tonnes (t)	9	5	5	26
Waste for incineration non-hazardous	Metric tonnes (t)	1,178	1,613	2,060	2,472
Recycled waste hazardous	Metric tonnes (t)	65	78	55	25
Recycled waste non-hazardous	Metric tonnes (t)	3,212	5,353	6,160	8,796
Waste to landfill hazardous	Metric tonnes (t)	0.21	17	0	13
Waste to landfill non-hazardous	Metric tonnes (t)	285	843	803	1,176
Organic waste	Metric tonnes (t)	667	1,323	1,118	1,032
Other waste not specified	Metric tonnes (t)	355	519	467	350
Special waste treatment	Metric tonnes (t)	49	118	196	165
CO ₂ emissions from waste	Metric tonnes (t)	1,673**	2,666	2,777	2,895
	Metric tonnes (t)/ employee	0.04**	0.07	0.07	0.06
Waste intensity	Metric tonnes (t)/€m gross premiums written	0.02	0.05	0.22	0.34

² Data for waste have been modified for 2018 due to adjustment of data calculation.

Staff indicators

> GRI 102-8; 102-41; 401-1; 404-1/-3

		2020	2019	2018
Staff	(abs.)	39,642	39,662	41,410
Employees by field of business	Reinsurance	31.9%	31.2%	29.8%
	Primary insurance	68.1%	68.8%	70.2%
Group staff by region	Germany	47.0%	47.4%	46.3%
	Rest of Europe	35.7%	35.6%	37.7%
	North America	13.6%	13.3%	12.4%
	Asia and Australasia	2.7%	2.7%	2.5%
	Africa and Middle East	0.5%	0.5%	0.6%
	Latin America	0.4%	0.4%	0.4%
Percentage of female employees	Female employees	52.9%	53.1%	53.9%
	Women in managerial positions	35.1%	35.4%	35.7%
Group staff by age	20 or younger	0.2%	0.2%	0.3%
	21-25	3.8%	4.1%	3.9%
	26-30	8.1%	8.3%	8.8%
	31-35	11.7%	12.2%	13.3%
	36-40	13.8%	13.8%	14.1%
	41-45	14.0%	14.0%	14.0%
	46-50	14.9%	15.5%	16.0%
	51-55	16.3%	16.0%	15.4%
	56-60	12.4%	11.2%	10.1%
	over 60	4.8%	4.6%	4.1%
No. of staff by type of employment contract	Permanent employment	95.8%	95.1%	94.6%
	Temporary employment	4.2%	4.9%	5.4%

		2020	2019	2018
Salaried employees	Full-time (abs.) - female	38.7%	37.6%	37.3%
	Part-time (abs.) - female	13.3%	14.8%	15.8%
	Total (abs.) - female	52.0%	52.5%	53.1%
	Full-time (abs.) - male	45.8%	44.8%	44.0%
	Part-time (abs.) - male	2.2%	2.7%	3.0%
	Total (abs.) - male	48.0%	47.5%	46.9%
	Full-time (abs.)	84.5%	82.5%	81.3%
	Part-time (abs.)	15.5%	17.5%	18.7%
Sick leave		3.8%	4.7%	4.8%
Sick leave days per employee		9.0	11.1	-
Employees with access to medical care (doctor, health insurance)		92.9%	78.5%	-
Employees with access to health services (e. g. vaccination, health check)		85.1%	84.2%	-
Staff turnover	Turnover rate	9.3%	12.3%	11.7%
	Voluntary fluctuation	3.5%	5.0%	5.1%
	Lay-offs (abs.)	426	523	453
Open positions filled by internal candidates		35.0% ⁴	31.7% ⁴	32.6%
Length of service	Years (Ø)	13.8	13.6	13.3
Further education³	Cost per employee (€) ⁴	615	836	930 ⁴
	No. of training days per employee ⁴	3.2	4.8	3.1
	No. of training hours per employee ⁴	24.8	36.9	-
	Employees with at least one training ⁴	85.9%	91.7%	-
	Employees with at least one online training ⁴	83.9%	74.6%	-
	No. of training day (online) per employee ⁴	2.6	-	-
	No. of training hours (online) per employee	19.8	-	-

³ In 2020, due to the Corona pandemic, in-person trainings hardly took place.

⁴ Data coverage Munich Re Group: ≥85% ≤94%.

Staff indicators

		2020	2019	2018
Women's network	Number	13	-	-
	Members	1,666	1,764	-
	Events	36	98	-
	Event participants	1,063	2,236	-
LGBTQ - network	Number	7	-	-
	Members	341	-	-
	Events	21	-	-
	Event participants	434	-	-
Number of nationalities MR Munich ⁵		56	56	-
Employees with flexible working hours		95%	81%	-
Employees with access to mobile working		100%	70%	-
Employees with access to sabbatical or add. leave days		65.2%	67.4%	-
Employees with financial support for staff catering		77%	76%	-
Employees with access to child care services		31%	24%*	-
Employees receiving regular performance and career development reviews		100%	100%	100%
Employees covered by collective bargaining agreements ⁶		99.8%	99.6%	96%
Pay ratio ⁷		24	22	24
Employees with disabilities ⁴		4.6%	4.7%	-
Employees with company pension scheme		86.0 %		

Data coverage Munich Re Group ≥ 95%

⁴ Data coverage Munich Re Group: ≥ 85% ≤ 94%.

⁵ Coverage Munich Re Munich: 100%.

⁶ German entities only: 47% coverage of Group's employees in 2020.

⁷ Pay ratio: The average target overall direct remuneration of all members of the Board of Management was (24) 22 times the average target overall direct remuneration of all employees (excluding the Board of Management).

* adjustment due to better data quality

Social impact (SI) indicators

	2020	2019	2018
Employees coverage	95.0%	99.6%	99.3%
Total SI expenses	9,749,556 €	8,800,999 €	8,397,389 €
Share of pre-tax profit	0.66%	0.28%	0.23%

Details of social impact expenses in €

	2020	2019	2018
Activities at our locations ⁸	1,882,296	1,930,506	2,094,066
Social impact projects that pay into the three global challenges ⁹ :	2,871,235	3,039,208	3,043,696
- Combating the effects of climate change			
- Improving access to healthcare			
- Enhancing risk awareness			
Corona pandemic-related engagement ⁹	2,234,918	-	-
Disaster relief ⁹	160,880	195,843	147,250
Donations in kind, sponsorships in kind	85,937	185,171	71,021
Political donations	171,480	173,980	173,100
Corporate volunteering	329,023	1,016,276	796,701
ERGO foundations	420,505 ⁹	687,829	506,562
Munich Re foundations	1,593,282	1,698,886	1,564,992

Regional classification 2019 ⁹	2020	2019	2018
Germany	2,021,917	1,834,803	2,006,873
Europe (excluding Germany)	1,583,363	826,188	971,576
North America	2,043,462	2,250,933	2,055,554
Latin America	30,554	11,624	8,083
Australia/New Zealand	83,587	149,895	168,971
Africa	97,209	45,944	54,177
Asia	54,276	46,169	19,779

⁸ The reporting of the payments for ERGO foundations could not be finalised by the end of the editorial deadline.

⁹ This amount comprises donations (not including donations in kind or political donations), social sponsorships (not including sponsorships in kind) and corporate responsibility memberships.

Expenses for advocacy in €

> GRI 102-13

As part of our lobbying activities, Munich Re Group engages in a continuous exchange with a wide range of organisations. For 2020 we assessed expenses for industry associations systematically Group-wide for the first time. The following table shows our total expenses for insurance industry associations and lists all organisations receiving more than 100.000 Euro.

Total expenses for industry associations	7,590,689€
Largest expenditures	2020
Association/Organisation	
Gesamtverband der Deutschen Versicherungswirtschaft (GDV)	2,443,096€
Verband der Privaten Krankenversicherung (PKV)	1,348,286€
Reinsurance Association of America (RAA)	759,367€
American Property Casualty Insurance Association (APICA)	389,358€
Insurance Council of Australia (ICA)	316,246€
Canadian Life and Health Insurance Association (CLHIA)	294,168€
Geneva Association	156,461€
Lloyd's Market Association (LMA)	151,629€
Fédération Française de l'assurance (FFA)	146,519€
Verband der Versicherungsunternehmen Österreichs (VVO)	143,000€
Hellenic Association of Insurance Companies (HAIC)	132,585€
International Underwriting Association (IUA)	113,954€

GRI content index

> GRI 102-55

GRI standard	Reference	Comments/Omission	UNGC principle
GRI 102: General Disclosures 2016			
102-1 Name of the organisation	p. 6		
102-2 Activities, brands, products, and services	p. 6		
102-3 Location of headquarters	p. 6		
102-4 Location of operations	p. 6		
102-5 Ownership and legal form	p. 6		
102-6 Markets served	p. 6		
102-7 Scale of the organisation	p. 6		
102-8 Information on employees and other workers	p. 96		
102-9 Supply chain	p. 6		
102-10 Significant changes to the organisation and its supply chain		No significant changes in the year under review.	
102-11 Precautionary principle or approach	p. 8, p. 15		
102-12 External initiatives	p. 23		
102-13 Membership of associations	p. 22, p. 98		
102-14 Statement from senior decision-maker	p. 4		
102-16 Values, principles, standards, and norms of behaviour	p. 8, p. 15, p. 16		
102-18 Governance structure	p. 15		
102-40 List of stakeholder groups	p. 13		
102-41 Collective bargaining agreements	p. 96		
102-42 Identifying and selecting stakeholders	p. 13		

GRI standard	Reference	Comments/Omission	UNGC principle
GRI 102: General Disclosures 2016			
102-43 Approach to stakeholder engagement	p. 13		
102-44 Key topics and concerns raised	p. 13		
102-45 Entities included in the consolidated financial statements	p. 3		
102-46 Defining report content and topic boundaries	p. 13		
102-47 List of material topics	p. 13		
102-48 Restatements of information		Where previously published information needed to be updated, this has been indicated in the relevant places.	
102-49 Changes in reporting	p. 13		
102-50 Reporting period	p. 3		
102-51 Date of most recent report		22. April 2021	
102-52 Reporting cycle	p. 3		
102-53 Contact point for questions regarding the report	p. 3, p. 106		
102-54 Claims of reporting in accordance with the GRI standards	p. 3		
102-55 GRI content index	p. 99		
102-56 External assurance	p. 104		
GRI 201: Economic Performance 2016			
103-1/-2/-3 Management approach	p. 37, p. 45		
201-1 Direct economic value generated and distributed	 corporate website		
201-2 Financial implications and other risks and opportunities due to climate change	p. 27, p. 37, p. 45		
201-4 Financial assistance received from government		To the best of our knowledge, Munich Re received no financial support from the state.	

GRI standard	Reference	Comments/Omission	UNGC principle
GRI 203: Indirect Economic Impacts 2016			
103-1/-2/-3 Management approach	p. 27, p. 37, p. 45, p. 58		
203-1 Infrastructure investments and services supported	p. 27, p. 37, p. 58		
203-2 Significant indirect economic impacts	p. 27, p. 37, p. 58		
GRI 205: Anti-corruption 2016			
103-1/-2/-3 Management approach	p. 15		
205-2 Communication and training about anti-corruption policies and procedures	p. 16		GC 10
205-3 Confirmed incidents of corruption and actions taken		In the 2020 reporting year, our compliance reporting recorded no breaches of anti-corruption legislation or corresponding official proceedings, anywhere in the world.	GC 10
GRI 206: Anti-competitive behavior 2016			
103-1/-2/-3 Management approach	p. 15		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		In 2020, an investigation into suspected antitrust violations against a subsidiary of Munich Re has been started. The proceedings have not yet been concluded, and no fine has been imposed.	
GRI 207: Tax policy			
103-1/2/-3 Management approach	p. 21		
207-1 Approach to tax		Tax Transparency Report Munich Re Group	
207-2 Tax governance, control, and risk management		Tax Transparency Report Munich Re Group	
207-3 Stakeholder engagement and management of concerns related to tax		Tax Transparency Report Munich Re Group	
207-4 Country-by-Country reporting		Tax Transparency Report Munich Re Group	
GRI 302: Energy 2016			
103-1/-2/-3 Management approach	p. 78, p. 81		
302-1 Energy consumption within the organisation	p. 93, p. 94		GC 7, 8
302-2 Energy consumption outside of the organisation	p. 93, p. 94		GC 8
302-3 Energy intensity	p. 93, p. 94		GC 8
302-4 Reduction of energy consumption	p. 93, p. 94		GC 8, 9
302-5 Reductions in energy requirements of products and services	p. 93, p. 94		GC 8, 9

GRI standard	Reference	Comments/Omission	UNGC principle
GRI 305: Emissions 2016			
103-1/-2/-3 Management approach	p. 78, p. 81		
305-1 Direct (Scope 1) GHG emissions	p. 93, p. 94		GC 7, 8
305-2 Energy indirect (Scope 2) GHG emissions	p. 93, p. 94		GC 7, 8
305-3 Other indirect (Scope 3) GHG emissions	p. 93, p. 94		GC 7, 8
305-4 GHG emissions intensity	p. 93, p. 94		GC 8
305-5 Reduction of GHG emissions	p. 93, p. 94		GC 8, 9
GRI 306: Effluents and Waste 2016			
103-1/-2/-3 Management approach	p. 78, p. 81		
306-2 Waste by type and disposal method	p. 93, p. 95		GC 8
GRI 307: Environmental Compliance 2016			
307-1 Non-compliance with environmental laws and regulations		No instances of non-compliance were identified in the 2020 financial year.	GC 8
GRI 308: Supplier Environmental Assessment 2016			
103-1/-2/-3 Management approach	p. 16, p. 21		
308-1 New suppliers that were screened using environmental criteria		100%	GC 8
GRI 401: Employment 2016			
103-1/-2/-3 Management approach	p. 64, p. 65		
401-1 New employee hires and employee turnover	p. 71, p. 96		
GRI 404: Training and Education 2016			
103-1/-2/-3 Management approach	p. 64, p. 65		
404-1 Average hours of training per year per employee	p. 96		GC 6
404-2 Programmes for upgrading employee skills and transition assistance programmes	p. 66		
404-3 Percentage of employees receiving regular performance and career development reviews	p. 96		GC 6

GRI standard	Reference	Comments/Omission	UNGC principle
GRI 405: Diversity and Equal Opportunity 2016			
103-1/-2/-3 Management approach	p. 64, p. 65		
405-1 Diversity of governance bodies and employees	p. 69		GC 6
GRI 406: Non-discrimination 2016			
103-1/-2/-3 Management approach	p. 64, p. 65		
406-1 Incidents of discrimination and corrective actions taken		One discrimination incident was investigated at Home Office in the 2020 financial year. The allegations could not be confirmed. In addition, the training course on the German General Equal Treatment Act (AGG – Allgemeines Gleichbehandlungsgesetz) is being updated on the topic of #metoo to help foster awareness.	GC 6
GRI 407: Freedom of Association and Collective Bargaining 2016			
103-1/-2/-3 Management approach	p. 15		
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 operating sites or suppliers were identified in the period under review at which the right to freedom of association and collective bargaining could be at risk.	GC 3
GRI 408: Child labour 2016			
103-1/-2/-3 Management approach	p. 15		
408-1 Operations and suppliers at significant risk for incidents of child labour		To the best of our knowledge, in the period under review no operating sites or suppliers were identified as being at significant risk of incidents of child labour.	GC 5
GRI 409: Forced or Compulsory Labour 2016			
103-1/-2/-3 Management approach	p. 15		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour		To the best of our knowledge, in the period under review no operating sites or suppliers were identified as being at significant risk of incidents of forced or compulsory labour.	GC 4

GRI standard	Reference	Comments/Omission	UNGC principle
GRI 412: Human Rights Assessment 2016			
103-1/-2/-3 Management approach	p. 15		
412-2 Employee training on human rights policies or procedures	p. 23		GC 1
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	p. 21		GC 2
GRI 414: Supplier Social Assessment 2016			
103-1/-2/-3 Management approach	p. 15		
414-1 New suppliers that were screened using social criteria		100%	GC 2
GRI 415: Public Policy 2016			
103-1/-2/-3 Management approach	p. 22		
415-1 Political contributions	p. 23, p. 97		GC 10
GRI 417: Marketing and Labelling 2016			
103-1/-2/-3 Management approach	p. 35		
417-1 Requirements for product and service information and labelling	p. 35		
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 and communications – or of fines, sanctions or warnings – were identified in the period under review.	
GRI 418: Customer Privacy 2016			
103-1/-2/-3 Management approach	p. 18		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		In the 2020 reporting year, no material data protection event defined in the Solvency II Group Compliance Policy occurred anywhere in our Group worldwide, nor were any material proceedings for breach of data protection rules initiated.	
GRI 419: Socioeconomic Compliance 2016			
419-1 Non-compliance with laws and regulations in the social and economic area		No instances of substantial fines or non-monetary sanctions being imposed on Munich Re by state agencies were identified in the period under review.	

Selected ESG & sustainability ratings and index listings


The inclusion of Munich Re Group in numerous ESG & sustainability indices and our good to very good performance in ratings are proof that we are on the right track.

- MSCI ESG rating of “AA”
- Prime status per ISS ESG rating
- 2nd place of peers (Market cap \$8.4 – \$39.1bn)) in Sustainalytics’ ESG Risk Rating
- “A-” rating by CDP
- Dow Jones Sustainability Index World since 2001
- DAX 50 ESG of Deutsche Börse
- FTSE4Good Index since 2001
- Euronext Vigeo Europe 120 and Euronext Vigeo Eurozone 120
- Ethibel Sustainability Index (ESI) Excellence Europe and the ESI Excellence Global
- ECPI Indices:
 - > ECPI Global Developed ESG best in class Equity Index,
 - > ECPI Ethical Euro Corporate Bond Index,
 - > ECPI Global Ethical Equity Index
- STOXX Indices:
 - > STOXX Global ESG Leaders index,
 - > STOXX Europe Sustainability,
 - > STOXX Europe Sustainability 40

Updated 31 December 2020

SASB Materiality Matrix: Comparison with GRI and MR Materiality Analysis

SASB Materiality Matrix Element and respective Disclosure Topic for Insurance	GRI	CR Report & Annual Report
Selling Practices & Product Labelling		
The category addresses social issues that may arise from a failure to manage the transparency, accuracy, and comprehensibility of marketing statements, advertising, and Labelling of products and services. It includes, but is not limited to, advertising standards and regulations, ethical and responsible marketing practices, misleading or deceptive Labelling, as well as discriminatory or predatory selling and lending practices. This may include deceptive or aggressive selling practices in which incentive structures for employees could encourage the sale of products or services that are not in the best interest of customers or clients.	102-16 Values, principles, standards, and norms of behaviour	- Stakeholder dialogue (p. 13)
	102-43 Stakeholder Engagement	- Remuneration of the Board (p. 15)
	102-47 List of material topic	- Code of Conduct (p. 16)
	103-1/-2/-3 Management approach	- Materiality analysis (p. 14)
	308: Supplier environmental assessment	- Compliance (p. 16-18)
The respective disclosure topic for the insurance industry is: Transparent Information & Fair Advice for Customers	417(1-3): Marketing and Labelling	- Data protection (p. 18-20)
	418 Customer Privacy	- CR in insurance (p. 28)
	419 Socio-economic compliance	- Customer satisfaction (p. 35)
Product Design & Lifecycle Management		
The category addresses incorporation of environmental, social, and governance (ESG) considerations in characteristics of products and services provided or sold by the company. It includes, but is not limited to, managing the lifecycle impacts of products and services, such as those related to packaging, distribution, use-phase resource intensity, and other environmental and social externalities that may occur during their use-phase or at the end of life. The category captures a company's ability to address customer and societal demand for more sustainable products and services as well as to meet evolving environmental and social regulation. It does not address direct environmental or social impacts of the company's operations nor does it address health and safety risks to consumers from product use, which are covered in other categories.	102-43 Stakeholder Engagement	- CR in investment (p. 38-40)
	103-1/-2/-3 Management approach	- Responsible digitalisation (p. 60)
	201-2 Financial implications and other risks and opportunities due to climate change	- Code of Conduct: (p. 16)
	203: Indirect Economic Impacts 2016	- ESG in remuneration of the Board (p. 15)
	203-1 Infrastructure investments and services supported	- CR in insurance: Integration ESG criteria (p. 28)
The respective disclosure topics for the insurance industry are: Integration of Environmental, Social, and Governance Factors in Investment Management and Policies Designed to Incentivize Responsible Behaviour	203-2 Significant indirect economic impacts	- CR in insurance: Sustainable solutions (p. 31-35)
		- CR in investment: ESG Integration (p. 38-44)
		- Climate-related disclosure (p. 45-48, 52, 54-57)
		- Digitalisation: Responsible digitalisation (p. 60)
		- CR in investment (p. 38-40)

SASB Materiality Matrix Element and respective Disclosure Topic for Insurance	GRI	CR Report & Annual Report
Physical Impacts of Climate Change		
The category addresses the company's ability to manage risks and opportunities associated with direct exposure of its owned or controlled assets and operations to actual or potential physical impacts of climate change. It captures environmental and social issues that may arise from operational disruptions due to physical impacts of climate change. It further captures socio-economic issues resulting from companies failing to incorporate climate change consideration in products and services sold, such as insurance policies and mortgages. The category relates to the company's ability to adapt to increased frequency and severity of extreme weather, shifting climate, sea level risk, and other expected physical impacts of climate change. Management may involve enhancing resiliency of physical assets and/or surrounding infrastructure as well as incorporation of climate change-related considerations into key business activities (e. g. mortgage and insurance underwriting, planning and development of real estate projects).	102-44 Key topics and concerns raised	- CR in insurance: ESG integration (p. 28-30)
	102-47 List of material topics	- CR in investment: ESG Integration (p. 37-44)
	103-1/-2/-3 Management approach	- Climate-related disclosure: (p. 49-56)
	201-1/-2/-4 Financial implications and other risks and opportunities due to climate change	
	203-1/-2/-3 Indirect Economic Impacts	
The respective disclosure topic is: Environmental Risk Exposure	302: Energy	
	305: Emissions	
	307: Environmental compliance	
Systemic Risk Management		
The category addresses the company's contributions to or management of systemic risks resulting from large-scale weakening or collapse of systems upon which the economy and society depend. This includes financial systems, natural resource systems, and technological systems. It addresses the mechanisms a company has in place to reduce its contributions to systemic risks and to improve safeguards that may mitigate the impacts of systemic failure. For financial institutions, the category also captures the company's ability to absorb shocks arising from financial and economic stress and meet stricter regulatory requirements related to the complexity and interconnectedness of companies in the industry.	103-1/-2/-3 Management approach	- Responsible advocacy (p. 23)
	201: Economic performance	- Climate-related disclosure: Risk management (p. 53 ff)
The respective disclosure topic for the insurance industry is: Systemic Risk Management		
		-  Risk Report AR (p. 88)

Independent Auditor's Limited Assurance Report

> GRI 102-56

To Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, Munich

We have performed a limited assurance engagement on the disclosures marked with the symbol ** in the Corporate Responsibility Report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München for the reporting period from 1 January 2020 to 31 December 2020 (hereafter "the report").

Our engagement exclusively relates to the information marked with the symbol ** in the PDF version of the report.

A. Management's responsibility

The legal representatives of the Company are responsible for the preparation of the report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereafter "reporting criteria") and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the report as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable

in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a report that is free from material misstatement, whether due to fraud or error.

B. Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

C. Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the information marked with the symbol ** in the report based on the assurance engagement we have performed.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance

Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the information marked with the symbol ** in the report has been prepared, in all material respects, in accordance with the relevant reporting criteria. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between March and April 2021, we performed amongst others the following assurance and other procedures:

- Inquiries of employees regarding the sustainability strategy, sustainability principles and sustainability management of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München,
- Inquiries of employees responsible for data capture and consolidation of the disclosures marked with the symbol ** as well as the preparation of, to evaluate the sustainability reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the information marked with the symbol **,
- Identification of likely risks of material misstatement in the report,
- Inspection of the relevant documentation of the systems and processes for compiling, aggregating and validating data in the reporting period and testing such documentation on a sample basis,

- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of sustainability data and disclosures on the level of selected sites,
- Analytical measures at group level and on the level of selected sites regarding the quality of the reported data.

D. Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures marked with the symbol ** in the Corporate Responsibility Report of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München for the reporting period from 1 January 2020 to 31 December 2020 have not been prepared, in all material respects, in accordance with the relevant reporting criteria.

E. Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

F. Engagement terms and liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 22 April 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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