

# Excerpt/public version of: Responsible Investment Guideline

Policy of Munich Re Group  
Version: 1 January 2021

## Objective

Munich Re is aware of its responsibility and impact as an investor. The integration of ESG (environmental, including climate issues, social, and governance) criteria in investment guidelines is therefore an integral part of its investment strategy. In 2006, Munich Re was one of the first signatories to the Principles for Responsible Investment (PRI) and is committed to fulfilling the PRI in an appropriate and forward-looking manner. This means that we also take ESG criteria into account when making investment decisions. Therefore it was agreed that Group-wide investment criteria are needed to fulfil sustainability requirements. In addition, Munich Re Group joined the Net-Zero Asset Owner Alliance (AOA) in January 2020 and established carbon reduction targets. The purpose of the Responsible Investment Guideline (RIG) is to complement the ALM Policy of Munich Re Group.

## Scope of application

All Munich Re Group entities which are companies with licenses for primary insurance, reinsurance or asset management will implement the objectives, principles and requirements as stipulated herein by adopting this policy or by introducing an equivalent norm or by other adequate means.

The mandatory legal and regulatory requirements, the principle of proportionality and the “comply or explain” principle apply to all entities within the scope of this policy. Should any provision of this policy be contrary to local law, the latter shall always take precedence. Such conflicts shall be reported.

The RIG applies to the complete investment portfolio of Munich Re, no matter whether managed by the company itself, by Group Investment Management (GIM), by MEAG or any other third party. The RIG does not apply to investment products (e. g. Venture Capital, ETFs, etc.) whose management and investment decisions cannot be controlled by Munich Re, GIM, MEAG or another asset manager assigned with managing Munich Re’s assets.

The guideline does not apply to assets held and derivatives used to manage, cover or hedge reinsurance exposures (e. g. hedging platforms), finance products for external clients and products sold as risk management solutions for clients.

## Regulation content

[1] At least 80% of the investments of each business field<sup>1</sup> in shares, corporate, government or covered bonds, real estate and alternative investments should be invested in assets that are members in one of the established sustainability indices or meet other accepted sustainability criteria. This sustainability quota is measured and evaluated by MEAG who also controls and reports the quota on Group level. The individual legal entities contribute to this goal as far as possible.

[2] Munich Re does not invest in companies that produce banned weapons if such production, trade or transport is part of the business of the respective company.

[3] Trading and holding investments in food-related commodities (e.g. grains and oilseeds, livestock, dairy, etc.) and related derivatives is not allowed. This prohibition does not apply to the farming and/or leasing of farmland and forest. The purchase and holding of investments in farmland and forest is allowed provided those farmlands and forests are managed sustainably (see point [7]).

[4] Investments in equities or bonds of companies that derive more than 30% of their revenues from the mining of thermal coal or the generation of electricity from thermal coal are not permitted.

[5] Investments in equities or bonds of companies that derive more than 10% of their revenues from the mining of oil sands are not permitted.

[6] There are position papers in place for sensitive issues, e.g. fracking and mining. GIM considers these position papers where relevant and material.

[7] The position paper and guideline on investment in farmland are to be taken into account as part of the due diligence on investment decisions in relation to farmland. This applies both to investments in funds and to direct investments for the purpose of leasing and/or farming.

[8] Investments into government bonds and bonds of government-related institutions of countries rated "CCC" as per MSCI ESG Rating are not permitted.

## Engagement and voting policy

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.

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<sup>1</sup> For this purpose business fields are Primary Insurance and Reinsurance.