

Munich Re (Group): Declaration of Principles on Respecting and Protecting Human Rights

Responsible behaviour is the foundation on which Munich Re (Group) creates value for and with all its stakeholders. We are convinced that we can only successfully implement our business model by making choices based on a long-term, sustainable perspective. In our view, respect for human rights is a fundamental part of doing so. Accordingly, we are committed to respecting and upholding human rights in line with internationally accepted human rights principles and the United Nations Guiding Principles on Business and Human Rights.

As Munich Re's Board of Management, we would like to use this declaration to express the importance of human rights and their high priority for the entire Group, which we have also explicitly enshrined in our Code of Conduct. We substantiate our understanding of responsibility for human rights by recognising the following international guidelines and standards:

- the International Bill of Human Rights, which consists of the:
 - Universal Declaration of Human Rights
 - International Covenant on Civil and Political Rights
 - International Covenant on Economic, Social and Cultural Rights
- ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work
- United Nations Guiding Principles on Business and Human Rights
- the 10 Principles of the UN Global Compact
- Principles for Sustainable Insurance (PSI)
- Principles for Responsible Investment (PRI).

On the basis of our supply chain, we have defined the following human rights, which we expect our employees and suppliers to respect, as essential for our Group:

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

Due diligence and risk management

Our goal is, to the best of our knowledge and ability, to prevent or mitigate any potentially adverse impacts of our business on human rights compliance. To ensure fulfilment of its due diligence obligations, Munich Re has therefore established processes for identifying risks concerning the infringement of human rights and for addressing them with appropriate measures.

Our corporate due diligence requirements are set out in various guidelines, codes and work instructions. The processes include the following components:

- A risk management system with clearly defined processes and responsibilities:
 - Regularly conducting risk analyses
 - Embedding preventive and remedial measures in our business units
 - Monitoring and reviewing the effectiveness of measures
- Whistleblowing management system
- Documentation and reporting

[In order to embed this risk management Company-wide, Munich Re has adopted a policy on respecting human rights in 2022. The policy sets out the basic human rights compliance requirements for employees and suppliers across the Group and defines how we address human rights risks in our business operations. With the standards established in the policy, we will fulfil our duty of care and work to ensure that human rights are respected by all companies within our Group.]

Governance

Both in reinsurance and in primary insurance (ERGO Group), dedicated human rights officers are responsible for monitoring risk management to fulfil our due diligence obligations with regard to human rights and environmental aspects under the German Supply Chain Due Diligence Act. The human rights officers will report to the ESG Committee as a subcommittee of Munich Reinsurance Company's Board of Management on the current risk situation, preventive measures taken and their effectiveness at least once a year from 2023.

Risk analysis

With the help of a structured risk analysis, we systematically check which business units or activities could be prone to an increased risk of human rights violations or environmental harm. In terms of investment, procurement and human resources, these processes have already been implemented. In terms of underwriting, a structured risk analysis process is currently being developed in addition to the existing specifications for taking ESG aspects into account, in order to be able to identify risks of human rights violations even better in the future. In addition, risk analyses are carried out on an ad hoc basis in response to significant changes in the risk situation, such as expansions into new business areas or product offerings, or if we become aware of related breaches of duty on the part of our indirect suppliers.

The risk analysis is based on a country-and-sector list that we compile and regularly update, drawing on a range of databases to do so. We also use this to screen new and existing business relationships and, if necessary, initiate preventive or remedial measures.

Identified risks

As a globally active insurance company, we are aware that we have to be vigilant for a multitude of possible human rights violations and potential environmental hazards in our business. We take ESG aspects, including human rights, into account in our underwriting guidelines. They define how underwriters and client managers should deal with ESG risks in the insurance business. The existing framework is expanded as needed.

Our Responsible Investment Guideline sets out how we deal with ESG risks and thus also with possible human rights violations in connection with our investments. In order to evaluate investments according to ESG criteria, we use e.g. ESG ratings from external data providers. As a responsible investor, we also support the international treaties banning certain controversial weapons in line with the Responsible Investment Guideline (anti-personnel mines, cluster munitions and other weapons), and rule out any direct investments in equities or bonds from companies active in these areas.

In terms of procurement, we expect our suppliers to comply with our extensive Code of Conduct for suppliers, which defines core principles on protecting human rights and the environment. Our risk analysis determined that, given the nature of the goods and services we procure, there is only an increased risk of human rights violations among our suppliers in a few categories. We assess suppliers from these categories of goods on an individual basis and, if necessary, devise and implement remedial measures.

Our Code of Conduct for employees defines our standards for respecting human rights. Our risk analysis determined that, despite the global distribution of our companies, there is only an increased risk of human rights violations in a few countries. We have identified the greatest potential risks as infringements concerning freedom of association in countries where this is restricted. We have also identified discrimination claims and unequal treatment claims as potential risks.

Preventive and remedial measures

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

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

Whistleblowing management system

Human rights-related risks and breaches of human rights-related duties can also be reported using the Munich Re [or ERGO] compliance whistleblowing portal. Whistleblowers can access the portal via our Intranet or the publicly available Munich Re [or ERGO] websites. Accordingly, relevant information can be shared securely, confidentially and, on request, anonymously – globally and round the clock. Evidence of potential human rights violations that reaches us via other channels is handled using the same principles and processes.

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

Documentation and reporting

How Munich Re fulfils its obligations with regard to human rights is detailed in the following documents:

- Sustainability Report
- Annual Report (balance sheet, income statement, annual report)
- Annual Report on the Principles for Responsible Investment (PRI)
- Statement on the UK and the Australian Modern Slavery Act

We will also report on an annual basis on our compliance obligations regarding the supply chain, including the outcomes of our risk analysis, our preventive and remedial measures, and an assessment of their effectiveness. This report will be posted on our website for the first time for the 2023 financial year.

Continuous efforts to optimise our approach

Our goal is to continuously improve our compliance-related processes and expand our risk assessment. Our risk management processes and risk analysis are reviewed on an annual basis. In addition, we offer our staff awareness training on the importance of human rights on a regular basis, e.g. freedom from discrimination.

We have created a set of regulations for all suppliers and employees, which defines our expectations with regard to respecting human rights and upholding environmental standards. In order to meet our common goals, we are counting on the active participation of all parties.

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Münchener Rückversicherungs-Gesellschaft
Königinstrasse 107, 80802 München, Germany

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