Munich Re Group

Société Générale - ESG SRI Conference

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Munich Re approach to decarbonisation
Group Ambition 2025 and beyond

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

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

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

Our Low-Carbon insurance solutions and ESG-focused investments aim to contribute positively to our ESG strategy

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Low-Carbon Solutions

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

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

This includes e.g. Green-Tech Solutions which aim to support the energy transition by absorbing the technical risks involved.

ESG-focused Investments

Munich Re uses economically sound investment opportunities to create potential positive externalities. These include investments in renewable energy, forests with certified management, certified buildings, and green bonds.

	31.12.2023 | €m
Green bonds	3,633
Renewables	3,130
Certified real estate	2,565
Certified forestry management	1,928

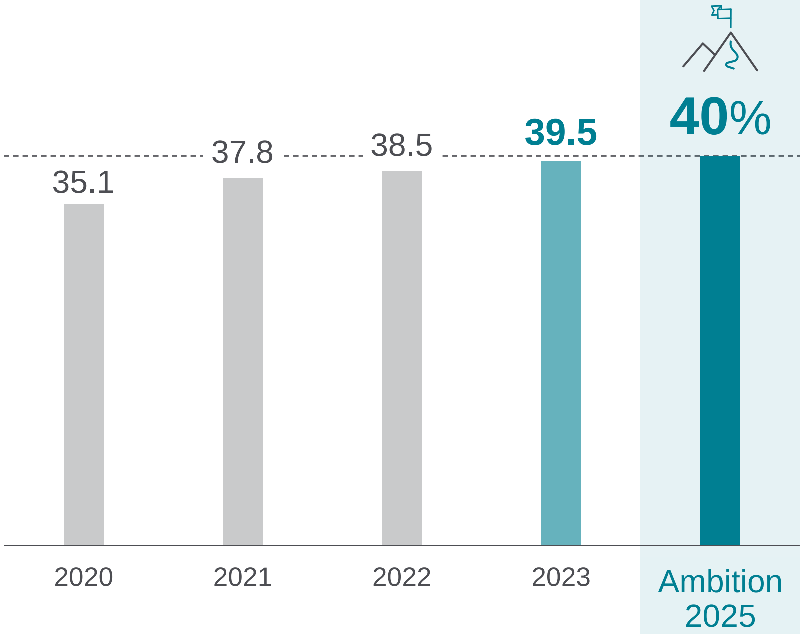
Close to €450m premium by low carbon solutions in 2023

Target for €3bn investments in renewables by 2025 was overachieved in 2023

Gender ambition 2025
Approaching the targeted 40% women in leadership roles

Share of women at management level

Achievements in 2023



Growth

Munich Re Group increased representation from **38.5**% in 2022 to **39.5**% in 2023

Talent

Representation of women in talent programmes has increased from **46.1**% in 2022 to **48.4**% in 2023

Diversity, Equity & Inclusion

Introduction of group-wide DEI Governance, DEI vision statement and additional focus dimension of generations

Governance
Structures at Board and Management level

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Supervisory Board

Audit Committee
Monitoring ESG risks

Praesidium and Sustainability Committee
Regularly addresses sustainability-related issues

ESG Committee

Members

- Group CEO[1]
- Group CFO
- Reinsurance CEO
- ERGO CEO
- Chief Investment Officer
- Head of Economics, Sustainability and Public Affairs (non-voting)

Tasks

Overall responsibility for ESG-related strategic decisions

ESG Management Team

Members

- Head of Economics, Sustainability and Public Affairs[1]
- Head of Sustainability
- Chief Underwriting Officer Reinsurance
- Chief Underwriting Officer ERGO
- Head of Strategic Asset Allocation Group
- Head of Corporate Underwriting Reinsurance
- Head of Financial and Regulatory Reporting

Tasks

Ensuring group-wide ESG strategy implementation

Group Sustainability Department
Supporting ESG Management Team/Committee, and business units

Insurance
Topic experts and ESG teams of business fields

Investment
ESG teams at Group Investment Management and MEAG

Central functions
Including HR, Risk Management, Legal and Compliance, Services, Communication, Reporting, etc.

1 Chair.

ESG criteria are integrated into the remuneration system for the Board of Management

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ESG targets account for 20% of the multi-year bonus and focus on at least one of the dimensions E, S, or G:

2022-2025 multi-year bonus:

- **Environmental:** targets related to Munich Re's climate strategy, including goals for insurance, asset management and own emissions
- **Social:** 40% of managers to be women by 2025
- **Governance:** share of overdue audit measures below 5%

2023-2026 multi-year bonus:

- **Environmental:** Define a climate ambition for 2030 in line with the 2050 net-zero target and deliver on climate commitments
- **Social:** 40% share of women in management positions at all levels across the Group until end of the financial year 2026
- **Governance:** The average share of audit findings not implemented in a timely manner in relation to the total number of open audit findings is to be no higher than 5% Group-wide at the end of quarters in the assessment period.
  Senior Leaders within the Group ensure through regular tone-from-the-top activities within their areas of accountability that the compliance culture continues to be on a high level.

2024-2027 multi-year bonus:

- **Environmental:** Define a climate ambition for 2030 in line with the 2050 net-zero target and deliver on climate commitments;
- **Governance:** Advancing Munich Re's own cyber security and compliance with relevant regulatory requirements

Remuneration system
for members of the Board of Management

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Relative share		Component	Performance criteria	Target corridor	Evaluation		Payment (form, time)
Fixed remuneration	~ 49%	**Basic remuneration**	▪ Function ▪ Responsibility ▪ Length of service on Board	-	-		Cash remuneration, monthly
	~ 1%	**Regular fringe benefits/remuneration in kind**		As of 1 January 2021, **no employer-financed pension scheme** for new members of the Board of Management and members of the Board of Management who were members of the Board before 2021 and decided within the scope of their voting rigths to switch to the new system			
Variable remuneration (100% evaluation)	~ 15%	**Annual bonus (AB)**	**IFRS consolidated result**	**Scaling 0–100%/100–200%** 0% = T - (2*X) 100% = T 200% = T + X T = Target in €m X = Deviation in €m (T and X determined annually)	Achievement of annual target	**Overall performance assessment for AB + MYB (bonus/malus aspects)** Adjustment of target achievement by Supervisory Board, taking into account individual and collective management performance ▪ Loading/reduction of up to 10 pp based on **ESG criteria** ▪ Loading/reduction of up to 10 pp based on **success and performance criteria** (including situation, performance and future prospects of the Company)	Cash remuneration, in the year after the one-year plan term
	~ 35% (thereof ~ 28% TSR, ~ 7% ESG)	**Multi-year bonus (MYB)** Term: 4 years	**80% Total Shareholder Return** (TSR) of Munich Re shares **in comparison with** a defined **peer group** (Peer group: Allianz, AXA, Generali, Hannover Re, SCOR, Swiss Re, Zurich Insurance Group)	**Linear scaling 0–200%** 0% = lowest TSR in peer group 200% = highest TSR in peer group	Performance of Munich Re shares in comparison with peer group		Cash remuneration, in the year after the four-year plan term
			20% ESG-Target(s)	**Scaling 0–200%** 100% = Target	Achievement of multi-year target(s)		
	No subsequent adjustment of target values/comparative parameters for annual and multi-year bonus						
100%		**Target overall remuneration** (total remuneration for 100% evaluation of the variable remuneration components)					

The defined **maximum remuneration** for the BoM function groups **Chair (€9.5m)** and **ordinary member (€7.0m)** limits the **overall remuneration (including irregular/event-related fringe benefits**, e.g. removal costs, compensation for bonuses forfeited at previous employers) allocable to a financial year.

Further components

Shareholding obligation (Share Ownership Guidelines)

- 100% of annual gross basic remuneration
- during the period of service on the BoM
- 5-year build-up phase or 2 years if service on the BoM commenced before 2019
- obligation to provide proof

Assessment of appropriateness of total remuneration

- in comparison with the market → DAX30 companies
- within the Company → upper management and staff overall (also over time)

Malus/Clawback
→ retention and compensation of variable remuneration possible

Remuneration for seats held on other boards
→ to be paid over to Company

Severance payment cap
→ two years' remuneration, no more than remaining term of the Board member's contract if that term is shorter

In the event of post-contractual non-competition agreement
→ severance payments are taken into account in compensation for the period of competitive restriction

Disclosure of taxonomy eligibility and alignment

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Non-life insurance revenues[1]	100% €37.0bn		100% €156.1bn		Assets within the scope of application of the taxonomy KPI[3]
			~61%		Assets not used to assess taxonomy eligibility Non-EU and SME exposures and derivatives
			Turnover-based	**CapEx-based**	
Non-eligible business Lines of business not explicitly related to climate-risk perils	~44%		~16%	~14%	**Non-eligible assets[4]** Assets assessed as non-eligible mainly in financial assets and infrastructure
Taxonomy-eligible business Munich Re's eligible lines of business[2]	~56%		~21%	~20%	**Taxonomy-eligible assets** Includes direct investments in non-financial assets (e.g., real estate, forest), mortgage loans and financial assets
Taxonomy-aligned business Munich Re's taxonomy aligned business (climate related)	~7.9%		~2.2%	~2.5%	**Taxonomy-aligned assets** Includes direct investments, e.g., mortgage loans, real estate

Taxonomy regulation

Activities which have been identified as eligible/aligned in accordance with the EU taxonomy

1 Only non-life insurance revenues are relevant for taxonomy reporting. 2 LoBs: marine, aviation and transport; other than MTPL motor; fire and other damage to property.
3 Taxonomy regulation excludes government exposure, as well as other assets (e.g., receivables on reinsurance business, DTAs and cash) from numerator and denominator.
4 Assets from financial investee undertakings not used to assess taxonomy-eligibility are excluded from the eligibility assessment (~ 3% for turnover- and 5% for CapEx-based).

Disclaimer

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