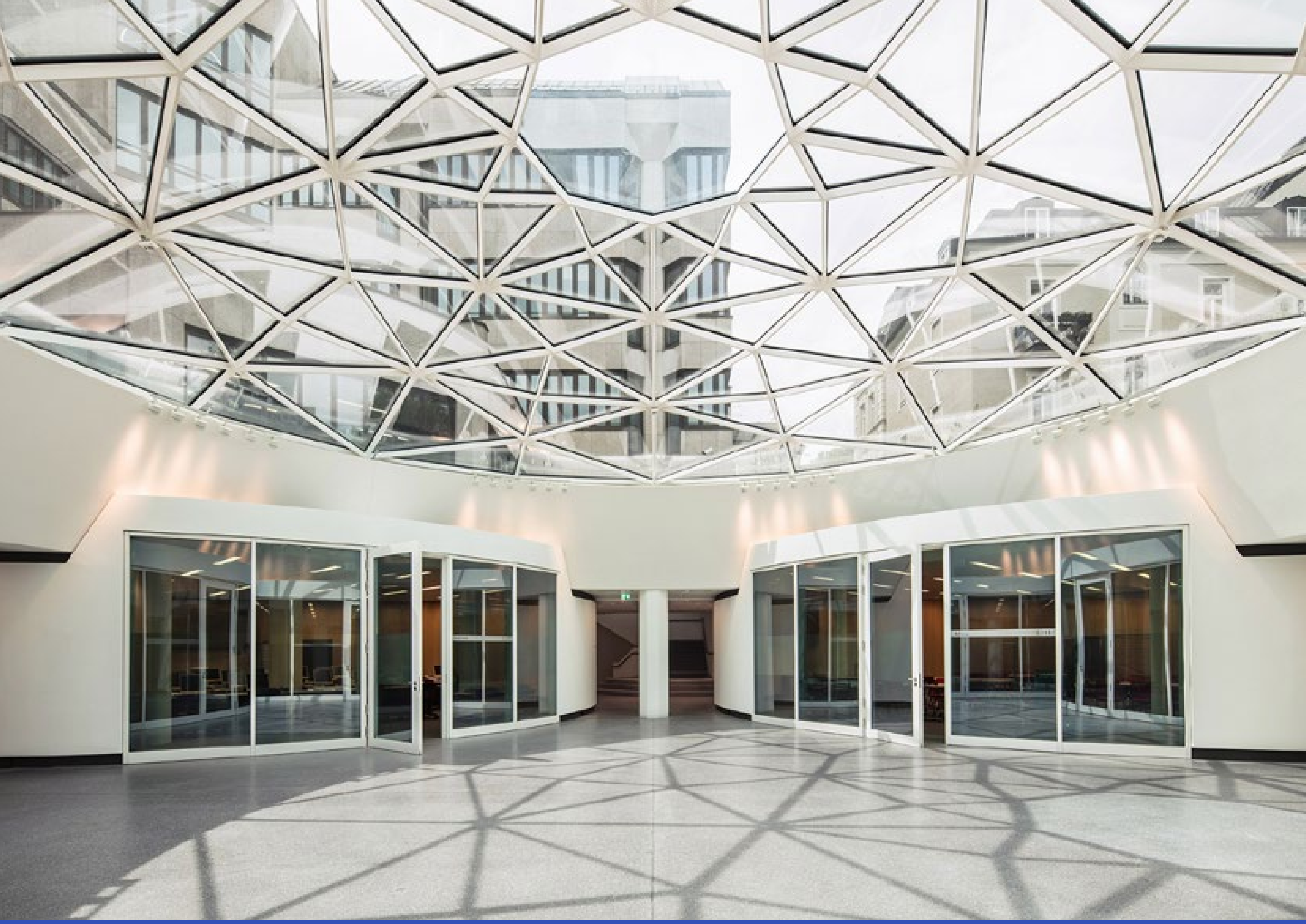


Munich Re
Tax Transparency Report
2022

NOT IF, BUT HOW

Munich RE

Contents

1. Purpose of the Tax Transparency Report

The tax paid by companies operating internationally has increasingly attracted public attention in recent years. Munich Re's policy is to be a responsible company and taxpayer.

Due to the nature of our business, we are subject to a large number of taxes, which arise in every country in which we operate. Munich Re complies with the letter and spirit of the respective tax laws and regulations at both national and international level.

We consider declaring profits earned in our business for tax in accordance with the law to be a fundamental legal and social duty. A country needs tax revenues to meet its basic responsibilities to the community, and we want to contribute to this by paying taxes.

Our intention in producing this report is to contribute voluntarily to creating transparency in tax compliance, tax risk management, our attitude to tax planning and structuring, and our tax payments worldwide. We are guided by the requirements of GRI Standard 207 concerning taxation.

2. Brief portrait of the Munich Re Group

Munich Re is one of the world's leading risk carriers, combining primary insurance and reinsurance under one roof.

Reinsurance

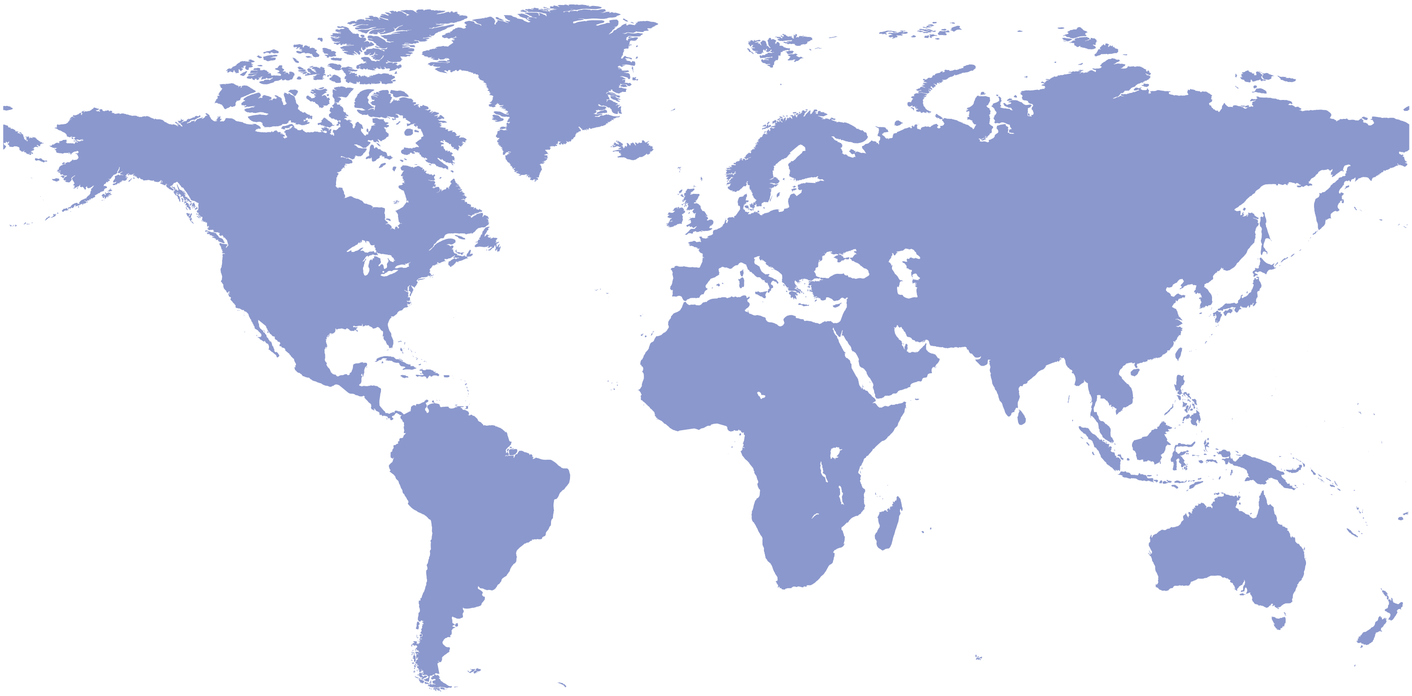
The Group's reinsurance companies operate worldwide and in almost all lines of insurance. Munich Re offers a full range of products, from traditional reinsurance to innovative solutions for risk assumption. In reinsurance, we operate in life, health and property-casualty business. Here, we also include our specialised primary insurance activities, insofar as these are managed by the reinsurance organisation, as well as managing general agencies (MGAs). Organisationally, we have pooled worldwide Internet of Things (IoT) activities into a new divisional unit "Global IoT".

ERGO

Munich Re's primary insurance operations are concentrated mainly in ERGO. ERGO offers products in all the main classes of insurance: life insurance, health insurance, and in nearly all lines of property-casualty insurance, as well as travel insurance and legal protection insurance. With these products – in combination with the provision of assistance, other services and individual consultancy – ERGO covers the needs of retail and corporate clients. ERGO serves some 39 million mostly retail customers in around 25 countries, with the focus on Europe and Asia.

Asset Management

Most of the Munich Re Group's investments are handled by MEAG, which also offers its expertise to private and institutional investors outside the Group.



Munich Re Group's worldwide contribution to tax revenue

€1,812m

Taxes paid
Sum of income taxes paid and indirect taxes borne by the Munich Re Group itself.

+

€2,890m

Taxes paid for third parties
Sum of the insurance tax, value-added tax, payroll tax, withholding tax and other taxes paid to the tax authorities for third parties.

=

€4,702m

Munich Re Group's **worldwide contribution** to tax revenue.

3. Tax governance and policies for dealing with our tax obligations

Compliance Statement

Compliance with applicable laws and internal rules and principles (compliance) is binding for all Munich Re employees.

Compliance in general and tax compliance in particular are key components of our business processes.

We have laid down the Group's key principles and convictions as "core principles" in our Code of Conduct, a mandatory set of rules for all of our activities.

Munich Re aims to be a law-abiding, transparent and responsible taxpayer. For this reason, we give absolute priority to meeting all of the tax obligations to which Munich Re is subject nationally and internationally. Munich Re therefore complies with the letter and spirit of tax laws and regulations in all of the countries in which we operate.

Munich Re Group Tax Compliance and Tax Governance Policy

The Board of Munich Reinsurance Company has approved a policy on tax compliance that lays down minimum tax compliance standards and describes the fundamental components of the tax compliance management system we have in place. In addition, there is a tax governance policy adopted by the Board of Management which sets out clear rules of conduct for responsible tax management within the Munich Re Group for employees working in tax matters worldwide. Among other things, these rules stipulate that no aggressive tax planning is carried out and that no tax havens (countries classified by the EU as fiscally non-cooperative – EU blacklist) are used.

The policy applies directly to Munich Reinsurance Company, including its foreign branches. All companies in the Group are obliged to apply a policy locally that has the same or similar content. Compliance with this requirement is checked annually.

Tax compliance management system as part of the internal control system

Munich Re has set up its tax compliance management system based on the seven fundamental components of IDW PS 980 and the practical information published by the IDW (Institute of Public Auditors in Germany).

The system covers the measures taken and the structures and processes established to systematically identify, assess and monitor tax compliance risks.

The tax risks identified, together with an assessment, a description of their implications for the areas of "financial loss", "financial statements" and "reputation", and the action taken to minimise the risk, have been entered in a risk control matrix. The risk control matrix is reviewed every year and amended as necessary.

The tax compliance management system is part of our general internal control system.

Attitude to tax planning and structuring

As a group, Munich Re aims to maximise profits from its business activities after all taxes and duties. The Group organisation and the structures supporting it are designed in such a way as to contribute to the success of Group generally and also from a tax perspective.

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, Canada, the UK, Switzerland and Singapore. Tax rates at the insurance locations outside Germany are mostly lower than in Germany. Regardless of this, we do not use tax havens (countries that the EU has classified as fiscally non-cooperative – EU blacklist) to reduce taxes.

We only create structures with adequate economic substance. Nor do we enter into any transactions whose sole purpose is to obtain 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. We do not use transfer pricing to deliberately shift profits to low-tax countries.

Furthermore, the Munich Re Group does not support its clients in any way in evading their tax obligations.

Tax reporting

Munich Re is subject to numerous tax disclosures and reporting requirements.

We calculate and publish information for the Munich Re Group, including the income tax burden under German GAAP, IFRS and Solvency II, together with all tax information in the notes to the financial statements.

We meet all obligations to tax authorities worldwide in respect of tax returns and country-by-country reporting for OECD purposes. We are committed to an open, transparent and respectful relationship with tax authorities to enable the taxation process to be smooth and efficient. If a tax situation is not clear, we actively seek contact with the tax authorities and voluntarily disclose relevant information.

We comply with the reporting requirement for cross-border tax arrangements (DAC 6), which has been in force in the EU since 1 July 2020, and have established governance processes in the Munich Re Group in this regard, trained employees and acquired a web-based tool for the electronic transmission of notifiable facts.

For our tax reporting, we set high standards for state-of-the-art IT support, the selection of qualified staff and advisers, and the quality of our processes. Tax positions are continuously analysed and subjected to quality control to ensure that appropriate importance is attached to our tax obligations and risks in our published reports.

4. International business relationships with Group companies

Munich Re's integrated business model and its global presence in all important insurance markets mean that many types of close service relationships are necessary within the Group, especially between Munich Reinsurance Company in Munich and the local subsidiaries and branches outside Germany. Munich Re ensures compliance both with the international guidelines and standards (in particular the OECD transfer-pricing principles) and with the provisions of national tax law applicable to the business units concerned.

The structure of intra-Group business relationships is based primarily on business and regulatory necessity. We always ensure that all parties to a contract have both sufficient entrepreneurial substance and adequate human resources.

In all such transactions, appropriate and proper transfer prices are used, i.e. based on internationally recognised arm's length principles. Munich Re thereby meets the requirement under actions 8–10 of the OECD/G20 BEPS Project to align taxation of company profits with entrepreneurial value creation. We do not use transfer pricing to deliberately shift profits to low-tax countries.

The practical application of the principles mentioned is also supported in particular by internal transfer-pricing guidelines, which lay down binding rules for all significant business relationships.

Munich Re addresses the legal uncertainties and double taxation risks inherent in the transfer pricing by fulfilling all documentation requirements comprehensively and promptly. This relates especially the individual obligations at the subsidiaries and branches concerned ("local files"). Furthermore, the legal obligation applying to the Munich Re Group to produce a country-by-country report and documentation of basic data ("master file") is also fulfilled centrally by the Group's tax department.

Munich Re proactively contacts the tax authorities without delay if it is apparent that there could be considerable scope for interpretation of the application of the arm's length principle to particularly large or very unusual business relationships. In individual cases, unilateral or bilateral advance pricing agreements are also sought, in order to resolve disputes between countries on the apportionment of the taxation substratum in advance wherever possible. The duties to cooperate in this connection are largely fulfilled centrally.

5. Our worldwide contribution to tax revenues

The following overview shows the IFRS pre-tax results, income taxes, effective tax rates, country-specific income tax rates and taxes paid, as well as the number of employees at our most important insurance locations in the Munich Re Group for 2022. The total amount of the pre-tax result and income taxes can be reconciled with our IFRS consolidated financial statements.

Country	Profit before tax* (€m)	Income taxes (current and deferred) (€m)	Effective income tax rate** %	Corporate income tax rate %	Income taxes paid (€m)	Number of employees
Australia	297	–93	31.2%	30.0%	–6	227
Austria	17	–4	24.1%	25.0%	–6	1,118
Belgium	154	–40	26.0%	25.0%	–36	955
Brazil[a)]	–75	1	1.0%	41.0%	0	110
Canada	202	–57	28.2%	26.5%	–273	1,746
China[b)]	35	0	0.3%	25.0%	0	220
Czech Republic	11	–2	14.0%	19.0%	–2	80
Estonia	5	–1	13.7%	20.0%	–1	1,072
France[c)]	22	–8	36.9%	25.0%	–10	61
Germany[d)]	1,945	–116	6.0%	30.0%	–637	18,625
Greece	47	–8	16.3%	22.0%	0	425
Hong Kong	16	–3	19.5%	16.5%	–3	50
India[e)]	55	0	0.0%	43.7%	0	124
Ireland	–4	1	14.0%	12.5%	1	134
Italy	50	–15	31.0%	30.8%	–2	79
Japan	7	–2	23.2%	23.2%	–2	79
Korea, Republic of[f)]	15	0	–1.3%	25.0%	0	49
Lithuania	4	–1	12.3%	15.0%	–1	196
Malta	110	–34	30.8%	35.0%	–28	28
Netherlands	–21	6	28.3%	25.8%	–6	1,316
Poland	88	–19	21.7%	19.0%	–29	4,235
Singapore	494	–50	10.1%	10.0%	–22	468
South Africa[g)]	–31	–6	–18.0%	27.0%	–7	222
Spain[h)]	72	–43	60.2%	25.0%	–53	945
Switzerland	87	–35	40.9%	19.7%	–26	123
United Kingdom	405	–109	26.9%	19.0%	0	2,713
United States[i)]	–43	62	143.1%	21.0%	–6	5,027
Others	36	–3	N/A	N/A	–5	962***
Total	**3,999**	**–580**	**14.5%**	**N/A**	**–1,160**	**41,389**

Sign convention: – Loss/Tax expense; + Profit/Tax income

* IFRS Profit before income taxes based on consolidated figures (after intercompany benefit/expense elimination).
** The effective tax rate is calculated by dividing income taxes by the IFRS profit before taxes.
*** Includes among others 581 employees in a company in Thailand, which was acquired at the end of the year 2022.

a) Brazil: lower effective tax rate with negative earnings before taxes due to impairment on deferred tax assets on tax loss carryforwards and other temporary differences.
b) China: lower effective tax rate due to utilization of tax loss carryforwards that were not recognized for deferred tax assets.
c) France: higher effective tax rate due to tax expense for previous years.
d) Germany: lower effective tax rate due to tax income for previous years.
e) India: lower effective tax rate due to utilization of tax loss carryforwards that were not recognized for deferred tax assets.
f) Korea: lower effective tax rate due to utilization of tax loss carryforwards that were not recognized for deferred tax assets.
g) South Africa: negative effective tax rate, tax expense despite losses due to limitation on loss offsetting for certain categories of income.
h) Spain: higher effective tax rate due to tax expense for previous years.
i) United States: higher effective tax rate with negative earnings before taxes. Positive effect from recognition on deferred tax asset on foreign tax credits.

Worldwide, a total of €580m was payable on our pre-tax profit of €3,999m, corresponding to a Group tax rate of 14.5%. Income taxes paid worldwide amounted to €1,160m. The difference between the income taxes paid and those reported in the annual report is due to the accounting of deferred taxes and the provision for uncertain tax positions in accordance with IFRIC 23.

In addition to income taxes, we in the Munich Re Group are burdened with other taxes and/or pay these for our policyholders, employees, business partners, etc. This involves primarily insurance tax, value-added tax, payroll tax, withholding taxes and capital gains withholding tax.

The amounts attributable to the types of taxes mentioned (broken down into taxes charged to the Group and those paid for third parties) are listed by country in the following table.

Country	Insurance Premium Tax (€m)	Insurance Premium Tax borne (€m)	Insurance Premium Tax collected (€m)	Wage Taxes* (€m)	Wage Taxes borne* (€m)	Wage Taxes collected* (€m)	Value Added Taxes (€m)	Value Added Taxes collected (€m)	Withholding Taxes (€m)	Withholding Taxes borne (€m)	Withholding Taxes collected (€m)	Other Taxes (€m)	Other Taxes borne (€m)	Other Taxes collected (€m)	TOTAL (€m)
Australia	8	0	8	16	5	11	76	76	14	5	9	3	3	0	118
Austria	59	0	59	9	0	9	3	3	2	2	0	1	0	0	73
Belgium	108	0	107	28	10	18	3	3	1	1	0	24	7	17	163
Brazil	0	0	0	2	1	1	0	0	2	0	2	9	7	2	13
Canada	11	11	0	35	6	30	3	3	1	0	1	2	2	0	53
China	0	0	0	10	4	5	61	61	0	0	0	5	5	0	75
Czech Republic	0	0	0	1	–0	1	1	1	0	0	0	0	–0	0	1
Estonia	0	0	0	6	3	3	3	3	1	0	1	0	0	0	10
France	3	0	3	5	4	2	–4	–4	3	3	0	2	2	0	9
Germany	740	21	719	1,002	223	780	31	31	30	30	0	70	60	10	1,874
Greece	37	0	37	2	2	0	0	0	1	1	0	0	0	0	41
Hong Kong	1	1	0	0	0	0	0	0	0	0	0	0	0	0	1
India	0	0	0	0	–2	2	146	146	0	–0	0	0	0	0	146
Italy	53	0	53	10	2	9	–0	–0	0	0	0	0	0	0	64
Japan	0	0	0	4	1	3	0	0	0	0	0	0	0	0	4
Korea, Republic of	0	0	0	1	0	1	0	0	1	1	0	0	0	0	2
Lithuania	0	0	0	8	1	7	1	1	0	0	0	0	0	0	9
Malta	0	0	0	1	0	1	0	0	6	6	0	0	0	0	7
Netherlands	6	0	6	37	0	36	2	2	2	2	0	4	4	0	51
Poland	1	0	1	37	13	24	5	5	22	0	22	13	13	0	76
Singapore	1	1	0	0	0	0	–1	–1	0	0	0	0	0	0	1
South Africa	7	7	0	6	0	6	8	8	4	0	3	0	0	0	24
Spain	8	1	7	15	13	3	3	3	0	0	0	2	1	2	28
Switzerland	1	0	1	4	2	3	1	1	1	2	–0	0	0	0	9
United Kingdom	216	0	215	120	28	92	12	12	–2	–2	0	3	3	0	349
United States	64	64	0	229	42	187	0	0	1	0	1	19	18	1	314
Others	1	0	0	11	5	6	10	10	1	0	1	4	4	0	27
Total	**1,325**	**108**	**1,217**	**1,600**	**362**	**1,238**	**363**	**363**	**91**	**52**	**39**	**162**	**131**	**32**	**3,541**

Sign convention: + Tax expense/– Tax income (Due to rounding, there may be minor deviations in summations in this report)

* Wage Taxes and social security contributions

6. Munich Re Group organisation chart

Munich Re Group

Munich RE

- The Hartford Steam Boiler Inspection and Insurance Company
- New Reinsurance Company Ltd.
- American Modern Insurance Group, Inc.
- Digital Partners
- Bell & Clements Ltd.
- Groves, John & Westrup Ltd.
- MedNet Holding GmbH
- NMU Specialty Ltd.
- Parachute Digital Solutions, Inc.
- Relayr Inc.
- Roanoke Insurance Group Inc.

ERGO

- German and international insurance companies
- German and international travel insurance companies
- German and international health insurance companies
- D.A.S. Rechtsschutz-versicherung International
- Nexible

MEAG

- MUNICH ERGO AssetManagement GmbH

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