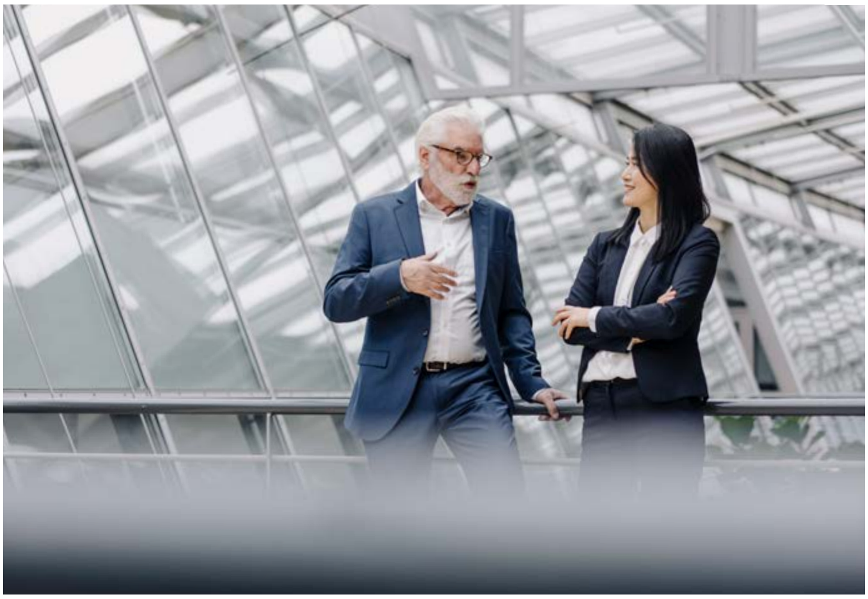
# Munich Re
# Tax Transparency Report
# **2023**

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 that 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.

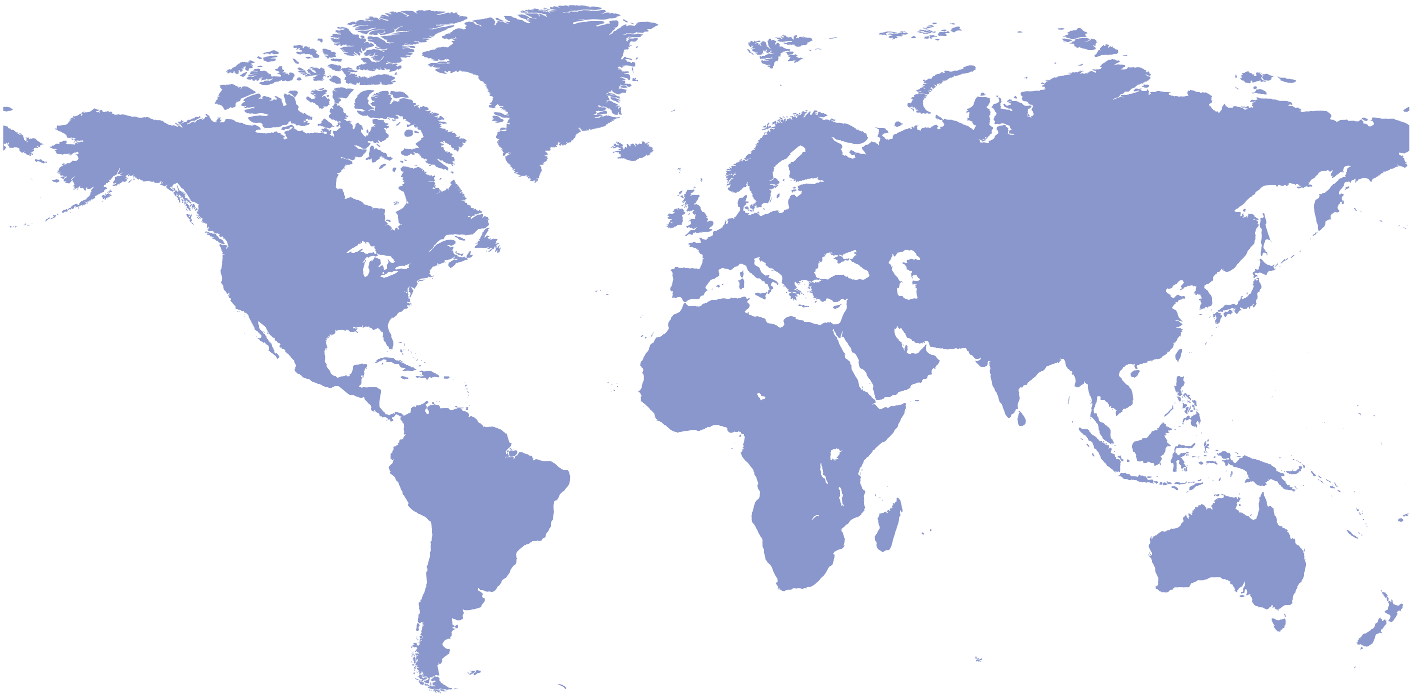
# 2. Brief portrait of the Munich Re Group

Munich Re is one of the world's leading risk carriers and provides both insurance and reinsurance under one roof.

**Reinsurance**
The Group's reinsurance companies operate globally 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).

**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 over 20 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

**€1,853m**

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

**+**

**€2,849m**

**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 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 offers every employee, customers/clients, supplier and other business partners as well as the general public multiple channels to confidentially report potential misconduct and violations.

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 Policy**

The Board of Management of Munich Reinsurance Company has approved a policy on tax compliance that lays down minimum tax compliance standards, describes the fundamental components of the tax compliance management system we have in place, and sets out clear rules of conduct for responsible tax management for employees working in tax matters worldwide. They stipulate, for example, that no aggressive tax planning be carried out and that no tax havens (countries classified by the EU as fiscally non-cooperative – EU black list) be 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.

**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). Selected major Group entities have implemented the existing tax compliance management system in a technology-based form operationalised on an IT platform.

Key tax-related processes were visualised and analysed. The tax risks identified, together with their assessment and risk-mitigating measures and controls, have been recorded in risk control matrices, broken down by tax type. These risk control matrices have been integrated in the Group's governance risk and compliance IT platform. Risk assessment and confirmations that the controls have been performed are handled directly in the IT platform by the relevant departments. Quality assurance of the input is carried out by means of a system-based digital assessment or a review by the Chief Tax Compliance Officer.

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's set-up and structure are designed in such a way as to contribute to the success of the 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 black list) to reduce taxes.

We only create structures with adequate economic substance and we do not 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 disclosure and reporting requirements.

The Tax Transparency Report 2023 has been released by the Board of Munich Re.

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 disclosures 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.

In many countries where Munich Re operates, the rules for a global minimum tax rate came into effect as of 1 January 2024. Munich Re is subject to the scope of application of this enacted tax legislation and has analysed the possible impacts. In a number of countries we expect additional tax expenditure that, from the Group's perspective, will probably be immaterial. For Munich Re, any material impact on the effective tax rate is unlikely.

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. 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 to 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 fulfilled centrally by the Group's tax department.

# 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 and in the Munich Re Group for 2023. The total amount of the pre-tax result and income taxes can be reconciled with our IFRS consolidated financial statements.

| Country | Profit before taxes* (€m) | Income taxes (current and deferred) (€m) | Effective tax rate** % | Corporate income tax rate % | Income taxes paid (€m) | Number of employees |
|---|---|---|---|---|---|---|
| Australia[a)] | 252 | 0 | –0.1% | 30.0% | 7 | 227 |
| Austria | 27 | –4 | 14.4% | 24.0% | 2 | 1,111 |
| Belgium | 195 | –40 | 20.3% | 25.0% | 23 | 946 |
| Brazil | 9 | 5 | –54.3% | 34.0% | 8 | 70 |
| Canada | 371 | –78 | 20.9% | 26.5% | 187 | 1,849 |
| China[b)] | –51 | –1 | –1.6% | 25.0% | 1 | 221 |
| Czech Republic | 10 | 2 | 15.5% | 19.0% | 3 | 91 |
| Estonia | 10 | 0 | 2.4% | 20.0% | 0 | 1,068 |
| France | 22 | –8 | 38.4% | 25.0% | 4 | 66 |
| Germany | 2,260 | –930 | 41.1% | 30.0% | 303 | 18,899 |
| Greece | 40 | –8 | 19.1% | 22.0% | 0 | 439 |
| Hong Kong | 32 | –2 | 6.1% | 16.5% | 0 | 55 |
| India[c)] | 43 | 0 | 0.0% | 43.7% | 26 | 148 |
| Ireland | -6 | 0 | 0.5% | 12.5% | 0 | 165 |
| Italy[d)] | –187 | –12 | –6.7% | 27.9% | 10 | 80 |
| Japan | 5 | –2 | 44.4% | 23.2% | 2 | 82 |
| Korea, Republic Of[e)] | 47 | –1 | 2.3% | 24.0% | 0 | 51 |
| Malta[f)] | 29 | 664 | >–100% | 35.0% | 29 | 31 |
| Netherlands[g)] | –49 | 1 | 1.4% | 25.8% | 4 | 1,343 |
| Poland | 122 | –33 | 26.7% | 19.0% | 31 | 4,330 |
| Singapore[h)] | 203 | –26 | 12.8% | 17.0% | 18 | 509 |
| South Africa | 62 | –10 | 15.4% | 27.0% | 7 | 233 |
| Spain | 200 | –107 | 53.7% | 25.0% | 72 | 1,075 |
| Switzerland[i)] | 139 | –3 | 1.8% | 19.7% | 18 | 125 |
| Thailand | –33 | 8 | –24.0% | 20.0% | –1 | 941 |
| United Kingdom | 397 | –145 | 36.4% | 25.0% | 82 | 2,847 |
| United States | 1,265 | –205 | 16.2% | 21.0% | –48 | 5,351 |
| Others | 120 | –2 | N/A | N/A | 7 | 459 |
| **Total** | **5,534** | **–936** | **16.9%** | **N/A** | **796** | **42,812** |

Sign convention: – Loss/Tax expense; + Profit/Tax income
Rounding to the nearest € million (Due to rounding, there might be minor deviations in summations in this report)

* 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.

a) Australia: low effective tax rate due to utilisation of tax loss carry-forwards for which no deferred tax assets had been recognised.
b) China: current year loss without recognition of deferred tax assets.
c) India: low effective tax rate due to utilisation of tax loss carry-forwards for which no deferred tax assets had been recognised.
d) Italy: tax expense despite current year loss due to local taxes.
e) Korea: low effective tax rate due to utilisation of tax loss carry-forwards for which no deferred tax assets had been recognised.
f) Malta: prior year tax income due to transition from IFRS 4 to IFRS 17 with no impact on income taxes paid.
g) Netherlands: current year loss without recognition of deferred tax assets.
h) Singapore: Effective tax rate lower than 15% due to tax free and low taxed income.
i) Switzerland: low effective tax rate due to recognition of deferred tax assets on loss carry-forwards.

Worldwide, a total of €936m tax expense incurred on our pre-tax profit of €5,534m, corresponding to a Group tax rate of 16.9%. Income taxes paid worldwide amounted to €796m. 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.

| | Insurance Premium Tax | Insurance Premium Tax borne | Insurance Premium Tax collected | Wage Taxes* | Wage Taxes borne* | Wage Taxes collected* | Value Added Taxes | Value Added Taxes borne | Withholding Taxes | Withholding Taxes borne | Withholding Taxes collected | Other Taxes | Other Taxes borne | Other Taxes collected | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Country** | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) | (€m) |
| Australia | 11 | 0 | 11 | 17 | 6 | 11 | 81 | 81 | 16 | 7 | 8 | 8 | 8 | 0 | 132 |
| Austria | 54 | 0 | 54 | 15 | 0 | 15 | 4 | 4 | 2 | 2 | 0 | 1 | 0 | 1 | 76 |
| Belgium | 135 | 0 | 135 | 41 | 15 | 27 | 4 | 4 | 1 | 0 | 1 | 32 | 13 | 19 | 213 |
| Brazil | 0 | 0 | 0 | 3 | 1 | 1 | 0 | 0 | 10 | 0 | 10 | 11 | 10 | 1 | 23 |
| Canada | 13 | 13 | 0 | 39 | 8 | 31 | 1 | 1 | 0 | 0 | 0 | 2 | 2 | 0 | 55 |
| China | 0 | 0 | 0 | 11 | 5 | 6 | 73 | 73 | 0 | 0 | 0 | 4 | 4 | –0 | 87 |
| Czech Republic | 0 | 0 | 0 | 1 | –0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Estonia | 0 | 0 | 0 | 7 | 3 | 4 | 2 | 2 | 1 | 0 | 1 | 0 | 0 | 0 | 9 |
| France | 3 | 0 | 3 | 4 | 3 | 1 | 0 | 0 | 7 | 7 | 0 | 2 | 2 | 0 | 16 |
| Germany | 817 | 23 | 794 | 1,081 | 257 | 824 | 14 | 14 | 26 | 25 | 0 | 36 | 21 | 15 | 1,973 |
| Greece | 39 | 0 | 39 | 3 | 0 | 3 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 43 |
| Hong Kong | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| India | 0 | 0 | 0 | 0 | –2 | 2 | 186 | 186 | 0 | –1 | 1 | 0 | 0 | 0 | 186 |
| Ireland | 0 | 0 | 0 | 7 | 2 | 5 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| Italy | 85 | 0 | 85 | 10 | 2 | 9 | –1 | –1 | 0 | 0 | 0 | 0 | 0 | 0 | 95 |
| Japan | 0 | 0 | 0 | 4 | 1 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Lithuania | 0 | 0 | 0 | 8 | 1 | 8 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 10 |
| Malta | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 8 | 8 | 0 | 0 | 0 | 0 | 8 |
| Netherlands | 7 | 0 | 7 | 37 | 0 | 37 | 1 | 1 | 3 | 3 | 0 | –4 | –4 | 0 | 43 |
| Poland | 1 | 0 | 1 | 72 | 25 | 47 | 7 | 7 | 16 | 1 | 15 | 15 | 15 | 0 | 111 |
| Singapore | 3 | 1 | 2 | 0 | 0 | 0 | –1 | –1 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| South Africa | 3 | 3 | 0 | 5 | 0 | 5 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 9 |
| Spain | 8 | 1 | 7 | 28 | 15 | 13 | 4 | 4 | 0 | 0 | 0 | 2 | 1 | 2 | 42 |
| Switzerland | 2 | 0 | 2 | 4 | 1 | 2 | 1 | 1 | 3 | 3 | –0 | 7 | 7 | –0 | 16 |
| Thailand | 2 | 0 | 2 | 2 | 0 | 2 | 8 | 8 | 4 | 0 | 4 | 0 | 0 | 0 | 15 |
| United Kingdom | 261 | 0 | 261 | 131 | 28 | 103 | 14 | 14 | 0 | –0 | 0 | 14 | 14 | 0 | 419 |
| United States | 68 | 67 | 0 | 247 | 45 | 202 | 0 | 0 | 0 | 0 | 0 | 19 | 18 | 1 | 334 |
| Others | 0 | 0 | 0 | 10 | 4 | 6 | 10 | 10 | 2 | 1 | 1 | 4 | 4 | 0 | 26 |
| **Total** | **1,511** | **110** | **1,402** | **1,787** | **420** | **1,367** | **412** | **412** | **98** | **57** | **41** | **152** | **114** | **38** | **3,961** |

Sign convention: + Tax expense/– Tax income
Rounding to the nearest € million (Due to rounding, there might 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

- MEAG MUNICH ERGO AssetManagement GmbH
- MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH