



Munich Re

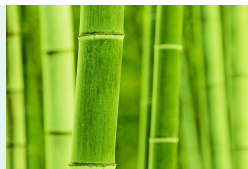
ESG webinar for analysts and investors

8 December 2021



ESG webinar for analysts and investors

Agenda



01

Strategic framework

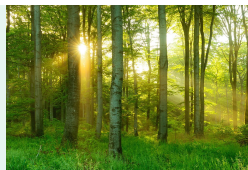
Michael Menhart



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ESG at Munich Re Group

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Climate change mitigation and adaptation

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Innovative risk transfer – operating examples

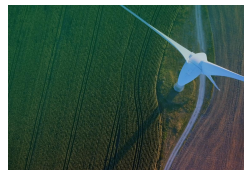
Michael Schrempp



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ESG at ERGO

Stephan Thoenissen



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ESG in investments

Timo Greggers

Strategic framework

Munich Re taking a leading position in ESG



Environmental

Climate leadership with concrete roadmap to reduce carbon emissions and enable new solutions for energy transition



Social

Responsible employer – attracting, developing and retaining outstanding staff



Governance

State-of-the art governance structures throughout Munich Re Group

Holistically
integrating
ESG across
our organisation



Governance

New structures at Board and Management level

ESG Committee and ESG Management Team

Supervisory Board



Audit Committee
Monitoring ESG risks



Standing Committee
Regularly addresses sustainability-related issues

ESG Committee



Members

- Group CEO¹
- Group CFO
- Reinsurance CEO
- ERGO CEO
- Chief Investment Officer
- Head of Economics, Sustainability and Public Affairs (non-voting)

ESG Management Team



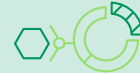
Members

- Head of Economics, Sustainability and Public Affairs¹
- 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

Overall responsibility for ESG-related strategic decisions



Tasks

Ensuring group-wide ESG strategy implementation

Group Sustainability Team

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.

A strong commitment towards corporate responsibility

Munich Re's international cooperations

UNEP FI

(since 1999)

Munich Re has signed the UNEP FI's climate declaration and was a founding member of the PRI and PSI.



UN Global Compact

(since 2007)

Munich Re has been a member of the UN Global Compact since August 2007. The ten principles of the UN Global Compact provide guidance for action in our business and set the basis for our corporate responsibility activities.



Principles for Responsible Investment (PRI)

(since 2006)

Munich Re actively developed the UN Principles for Responsible Investment (PRI) and has since also joined the Net-Zero Asset Owner Alliance at the beginning of 2020.



Principles for Sustainable Insurance (PSI)

(since 2012)

Munich Re played an active part in developing the Principles for Sustainable Insurance (PSI) and was a founding signatory in June 2012. Furthermore, Munich Re is a founding member of the Net-Zero Insurance Alliance (2021), convened by the UN PSI.



Munich Re Group Ambition 2025

Sustainability is a core element of the strategy of Munich Re and ERGO

Scale



Expansion of core

Preference for organic growth

Leverage superior underwriting

Uplift asset performance



Shape

Create additional business

Monetise digital business investments

Create new strategic options



Succeed

Shareholders

Growing earnings and RoE

Clients

Long-term partner – superior products, experience and capacity

Employees

Employer of choice: skill-driven, fostering digital culture, risk entrepreneurs

Communities

Comprehensive climate strategy matching Paris Agreement

ESG at Munich Re Group

Sustainability approach based on shared value

Group Ambition 2025 connecting corporate responsibility (CR) and business

**Munich Re aims to create value for all its stakeholders –
our CR strategy integrates this ambition across all our activities**

Sustainable approach to core business

Societal responsibility

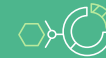
Responsible governance

Responsible employer

Environmental and climate protection

**... 140 years of forward-looking, prudent and responsible
approach to handling a diverse range of risks around the world**

Shared-
value
creation



What

We take up society's **challenges** to create value for our stakeholders



Who

We share our competencies with our **partners** to create a positive impact



How

Based on our **risk intelligence**, we open up new perspectives and generate sustainable solutions

Creating value through global responsibility

Holistically integrating ESG across our organisation



Environmental

Ambitious decarbonisation targets

- Climate targets for our (re)insurance business
- Decarbonisation of our investments
- Reduction of our own emissions

Climate-related disclosure

- Aligned with the Task Force on Climate-Related Financial Disclosures (TCFD)
- Analysing the consequences of climate change for more than 40 years



Social

Diverse workforce

- 40% managers to be female by 2025
- 25% women in BoM by 2025
- 60+ nationalities
- 80+ professions

Employer of choice

- Comprehensive training and development programmes
- Measuring employee satisfaction



Governance

ESG criteria in BoM remuneration

- ESG criteria relevant for variable remuneration and multi-year bonus

Sound ESG governance

- Board-Level “ESG Committee” and high-level “ESG Management Team” with top managers from different business fields

Winner in Governance ranking

- Only DAX company with “excellent” rating in the 2020 DVFA Scorecard for Corporate Governance

Spotlight on insurance and investment

Translating ESG into action

ESG aspects, sensitive issues, Munich Re position and measures



Environmental

- Pollution
- Natural resources and biodiversity
- GHG emissions



Social

- Political context and public awareness
- Labour and working conditions
- Human rights
- Health, safety and security for the community
- Displacement of people
- Cultural heritage



Governance

- Responsible and correct planning and evaluation
- Compliance
- Consultation and transparency

Sensitive issues

Munich Re position and measures



Banned weapons

Policy on cluster munitions and land mines



Coal

Policy on coal business underwriting and investments



Arctic drilling

Guidelines, risks to be referred to Arctic Drilling Panel



Oil sands

Policy on oil sands business underwriting and investments



Fracking

Position paper including specific questions on ESG aspects



Mining

Position paper including specific questions on ESG aspects



Investment in farmland

Mandatory ESG check for investments

ESG tool for underwriting

Assessment of different industries, best practice in credit/surety

Sustainable investment process

ESG research and ratings included in investment process

ESG country rating

ESG information included in Munich Re country risk assessment

Continuous evaluation and refinement of framework and processes, taking regulatory developments and industry-wide standards into consideration



Governance

Spotlight on Board of Management

ESG criteria incorporated into variable remuneration

Overall performance assessment for annual and multi-year bonus –
Adjustment of target achievement based on ESG criteria (+/- 10 pp)

ESG criteria

(individual
and collective
management
performance)



Ecological aspects

Reduction of the CO₂ footprint in line with Munich Re's climate strategy
(covering assets, liabilities and own emissions)



Social aspects

- Access to healthcare and corporate health initiatives
- Training costs and days
- Sickness rate



Governance-related aspects

- Leadership skills
- Adherence to guidelines/compliance requirements
- Diversity
- Appropriate establishment of governance functions

New as of 2022: Multi-year bonus with 20% ESG target(s)



Spotlight on employees

Attractive employer with social impact

Main focus areas

Diversity and inclusion

Share of women in ...

- Management, worldwide: **35%**
- Supervisory Board: **45%**

Employee engagement and well-being

Health and training

- 85%** employees with access to health services
- 3.2** training days per staff member

Development and talent management

Award-winning employer in 2020

- "Human Resources Excellence Awards" winner
- "E-Learning award 2020"
- "Faires Trainee-Programm 2020"

Employees receiving regular performance and career development reviews



100%

Employees with disabilities



4.6%

Organisations supported in 2020



>900

Investment in food commodities excluded



Employees with access to mobile working



100%

Employees with flexible working hours



95%

Climate start-ups supported in 2020



7



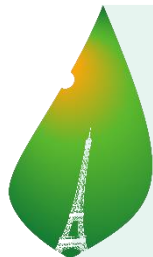
>800

Christmas presents for sick or socially disadvantaged children and teenagers



Spotlight on climate

Lead through climate action



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

Article 2 – 1.(a) of the Paris Climate Agreement

“Holding the increase in the global average temperature to **well below 2°C** above pre-industrial levels and pursuing efforts to limit the temperature increase to **1.5°C above** pre-industrial levels, ...”



ESG
Climate Ambition



Financed emissions
(asset side)



Insured emissions
(liability side)



Own emissions
(from operational processes)

Munich Re Group Climate Ambition 2025 and beyond

Leveraging our role as investor, underwriter and audible public voice

	ASSETS	LIABILITIES	OWN OPERATIONS
Comprehensive climate risk management	Climate risk management on both, assets and liabilities <ul style="list-style-type: none"> Physical risks Transition risks 	<ul style="list-style-type: none"> Reputational and ESG risks Litigation risks 	<ul style="list-style-type: none"> Improving operational emissions and efficiency
Ambitious decarbonisation targets	<ul style="list-style-type: none"> Total: net-zero (2050) Thermal coal: full exit (2040) 	<ul style="list-style-type: none"> Oil and gas: net-zero (2050) Thermal coal: full exit (2040) Decarbonisation strategy for treaty business 	<ul style="list-style-type: none"> Carbon-neutral since 2015 Net-zero emissions by 2030
Innovative climate solutions	<ul style="list-style-type: none"> Investing in low-carbon technologies and green innovations Green bond issuance 	<ul style="list-style-type: none"> Climate risk analysis services Risk transfer solutions for climate mitigation and adaptation 	<ul style="list-style-type: none"> Project "Tackling Climate Change Together"

Initiatives and partnerships

- Global partnerships for collaborations and innovation towards climate-friendly solutions
- Providing our expertise as a public voice to advocate for climate action and resilience

Climate proof points

For insurance and investment activities



Insurance

Enabling solutions

- Risk transfer solutions for renewables (>40Mt of CO₂ emissions avoided for construction project¹ and >80Mt CO₂ annual emissions avoided during operation phase²) and smart energy
- Sovereign and public-private nat cat risk transfer schemes
- Risk assessment solutions for clients

Investments



Focus topics

- Net-zero investment portfolio by 2050
- ESG integration across asset classes
- Investment in green bonds: €1.9bn
- Expand renewables portfolio to €3bn by 2025

Our climate ambition for liabilities and investments

Successes so far in a nutshell

- ✓ Pioneer in green bond emission in German insurance
- ✓ Coal and oil sands exclusions

Climate Ambition 2025 and beyond

Absolute CO₂ emission targets across core business in line with **Paris Agreement**

¹ Calculated in the year 2020 over whole life cycle for all construction projects reinsured for the first time by Munich Re in 2020 basing lifecycle on GHG emissions [g CO₂ eq / kWh] of the [IPCC Report on Renewable Energy Sources and Climate Change Mitigation \(2012\)](#), using the mean value of the lifecycle GHG emission estimates (p66, p84 and p571). ² Calculated annually for operation phase of complete portfolio by Munich Re. Disclaimer: partial double counting of avoided emissions cannot be completely excluded.



Climate change mitigation and adaptation

Natural catastrophe risk management: Core business at Munich Re

Research on human-induced climate change since the early 1970s

1973

First publication on climate change



Climate change ...

- ... is real and predominantly the result of human activity
- ... has a major influence on weather-related natural disasters such as severe storms, thunderstorms, floods or droughts

Climate change as a strategic topic for global reinsurance business

Contribution to IPCC

Munich Re's former head of Geo Risks Department was honoured with the 2007 Nobel Peace Prize for his contribution to the 2007 Assessment Report of the IPCC; 5th Assessment Report (2013/14) also co-authored by Munich Re climate researcher

**Flood
Inundation**



Climate-related action 2021: Main market drivers

Awareness and expectations push the climate agenda: Policy and regulation most relevant



Climate risks

Increasing awareness of risk and need of change post-Paris Agreement COP21 ff

Policy and regulation

Net-zero targets, disclosure requirements, stress tests. New regulatory requirements: Taxonomy regulation, Green deal, Sustainable Finance Disclosure Regulation



Increasing awareness and importance of climate topics



Investor behaviour

Increased importance of ESG information/ratings in investment decisions

Consumer/other stakeholder expectations

Increasing pressure from consumers/activists; employees' expectations



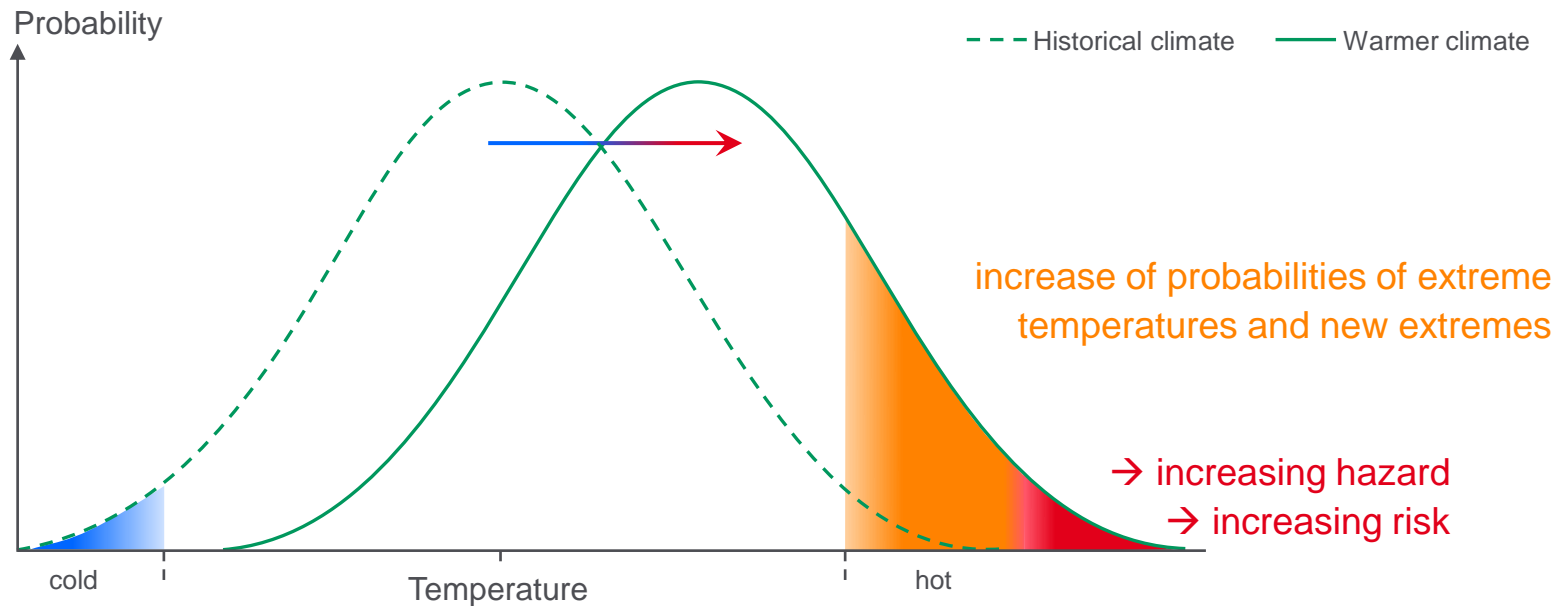
Resilience post-COVID-19

Systemic risks and solutions

Effect of global warming: changing probability distributions

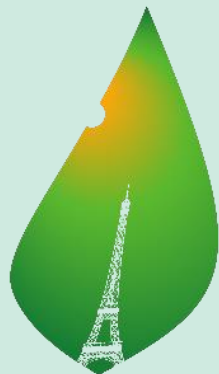
Small increase in average temperatures → large increase in probability of extremes

Increase of global average temperatures



UN (political) targets: COP21 (Paris 2015) “well below 2°C”

Ambition (Glasgow 2021): COP26 “accelerating emissions reductions”



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21•CMP11

- Recognition of 195 UN nations to limit global warming to well below 2°C
- Targeting 1.5°C



- Finalising the rules of the Paris Agreement
- Building resilience, addressing loss and damage
- Scaling-up finance for vulnerable countries
- Increasing ambitions of CO₂ reductions

Munich Re at COP26 in Glasgow

Private sector is, like policymakers, urged to take action to limit global warming to 1.5°C



Outcome of COP26 and implications for the insurance industry

- Results of the Glasgow Climate Pact do not reflect what is needed to tackle climate change, but are a move in the right direction
- No direct implications for the insurance industry – future relevance unclear (loss and damage workstream)
- Outside the political negotiations, huge engagement and great momentum



Munich Re's media conference at COP26 sends clear messages

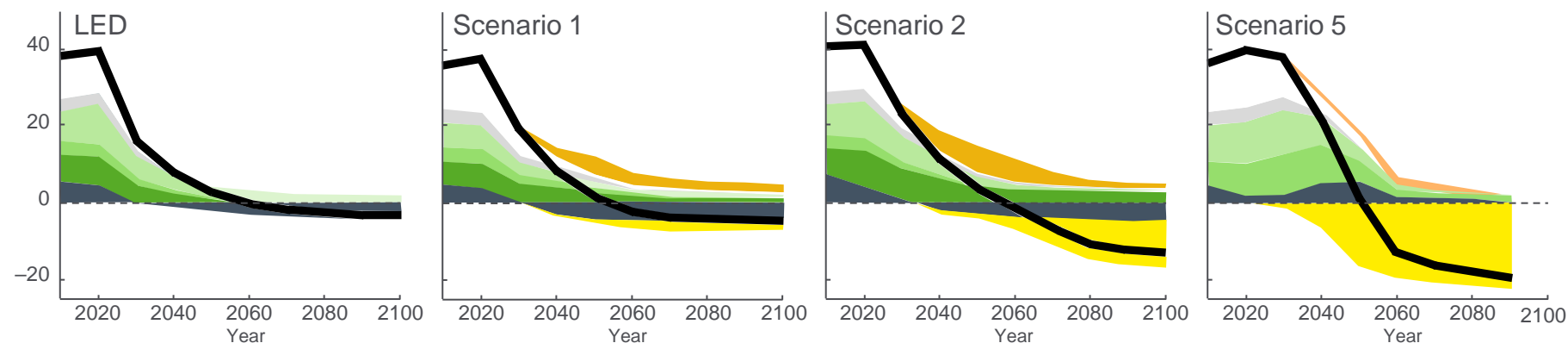
- Establishing public-private partnerships to fundamentally reduce the insurance gap in emerging and developing countries
- Paris climate targets only achievable with radical technological restructuring and substantial negative emissions
- Global annual investments in renewable energies need to be quadrupled from US\$ 300bn to US\$ 1,200bn by 2030

Paris 1.5/2° limit needs massive GHG emission reductions

Depending on emission pathways, negative emissions could become relevant

Potential scenarios of global anthropogenic CO₂ emissions until 2100

Annual global CO₂ (Gt CO₂/yr)



Gross CO₂ emissions

Supply side

- Electricity
- Other

Demand Side

- Buildings
- Transport
- Industry

— Net amount of CO₂ released to the atmosphere

--- Zero CO₂ emissions line

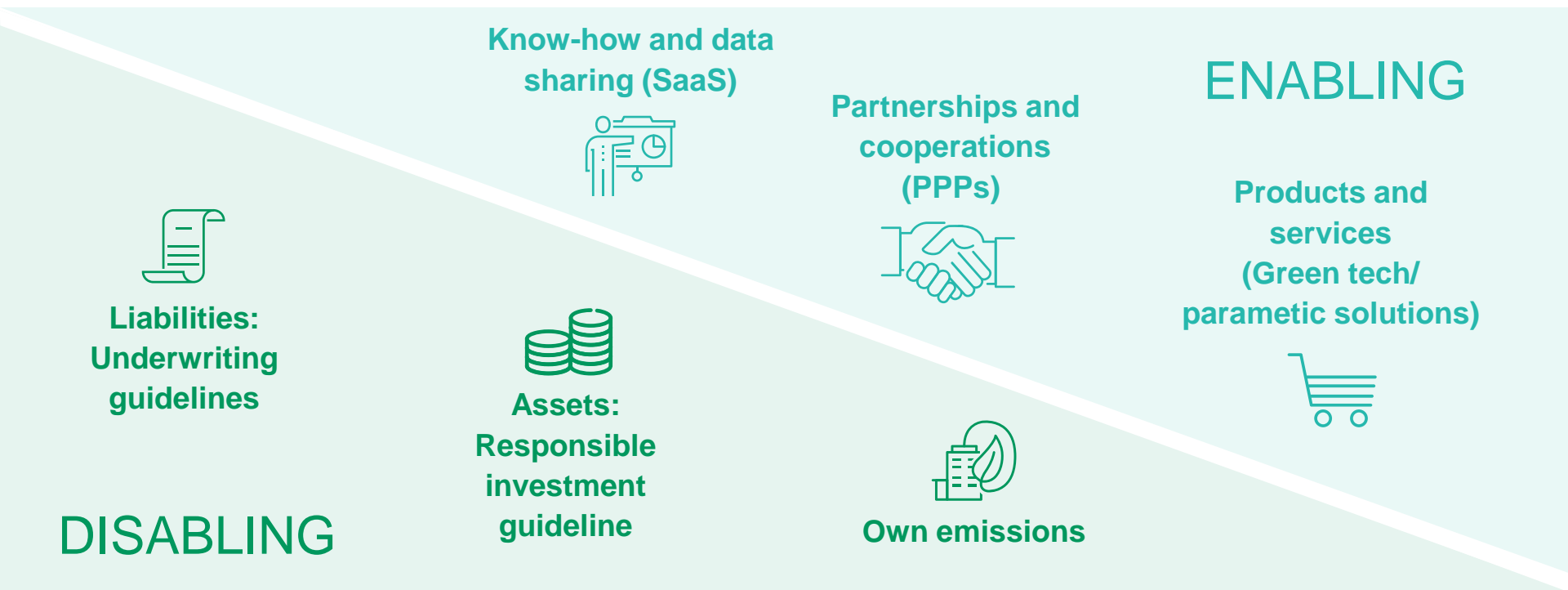
— Emissions avoided through fossil-fuel and industry CCS¹

— CO₂ emissions/removal in the sector agriculture, forestry and other land use

— Technological CO₂ removal (BECCS²)

Climate change: Munich Re's strategic elements

Disabling and focus on enabling/business development



“Disabling”: CO₂ emissions reduction

In business operations and on both sides of the balance sheet

<div>Today</div> <div>2025</div> <div>2050</div>	ASSETS	LIABILITIES	OWN CO ₂ EMISSIONS
	Financed CO ₂ emissions No investment in companies with revenue: <ul style="list-style-type: none"> ▪ Thermal coal >30% ▪ Oil sands >10% 	Insures CO ₂ emissions (primary, direct, fac.) No insurance for <div> <div> Thermal coal: new coal mining, power plants, related infrastructure² </div> <div> Oil and gas (exploration/production): new and existing oil sand sites, related infrastructure² </div> </div>	From operational processes Reducing our direct impact <ul style="list-style-type: none"> ▪ Carbon-neutral since 2015 ▪ Reduction of 44% per employee since 2009
	Emissions¹: <ul style="list-style-type: none"> ▪ Total: –25% to –29% ▪ Thermal coal: –35% ▪ Oil and gas: –25% 	<div> <div>–35% emissions³</div> <div>–5% emissions Utilising the expertise of HSB Solomon</div> </div>	–12% emissions per employee of Munich Re Group
	<ul style="list-style-type: none"> ▪ Total: net-zero (2050) ▪ Thermal coal: full exit (2040) 	Full exit (2040) Net-zero emissions (2050)	Net-zero emissions (2030)

“Enabling”: Munich Re risk transfer solutions

Accelerating commercialisation and improving bankability of new/innovative technologies

Risk transfer of technology and performance risks up to 25 years



Uniqueness

- High technical expertise with all renewable technologies
- Partnerships with research and certification institutes

Benefits

- Improving bankability and investability of new technologies

“Enabling”: Munich Re cooperations and memberships

Sharing our know-how with partners and society



- Access to external experts/knowledge of cooperation partners
- Higher impact due to stronger presence and access to new markets

“Enabling”: Example Software-as-a-Service

Sharing know-how and data with innovative software solutions (risk intelligence platform)

Munich Re's tool analyses how assets may be impacted by physical climate risks, based on scientific scenarios under different CO₂ emission pathways

Climate hazard scores

Acute



Tropical cyclone



River flood

Chronic



Sea level rise



Heat stress



Precipitation stress



Fire weather stress



Drought stress

Sectors

Insurance

Financial services

Real estate management

Infrastructure management

Manufacturing

Supply chain management

Target users

Portfolio manager

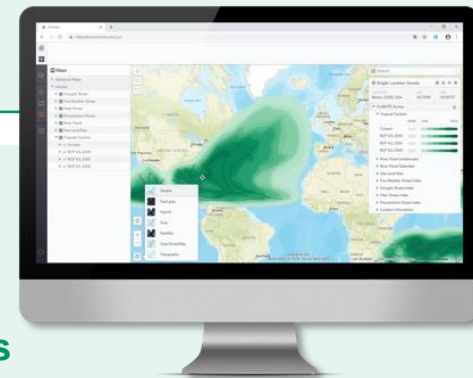
Underwriter

Risk manager

ESG manager

Asset manager

Strategic investors



Benefits

Sustainability reporting

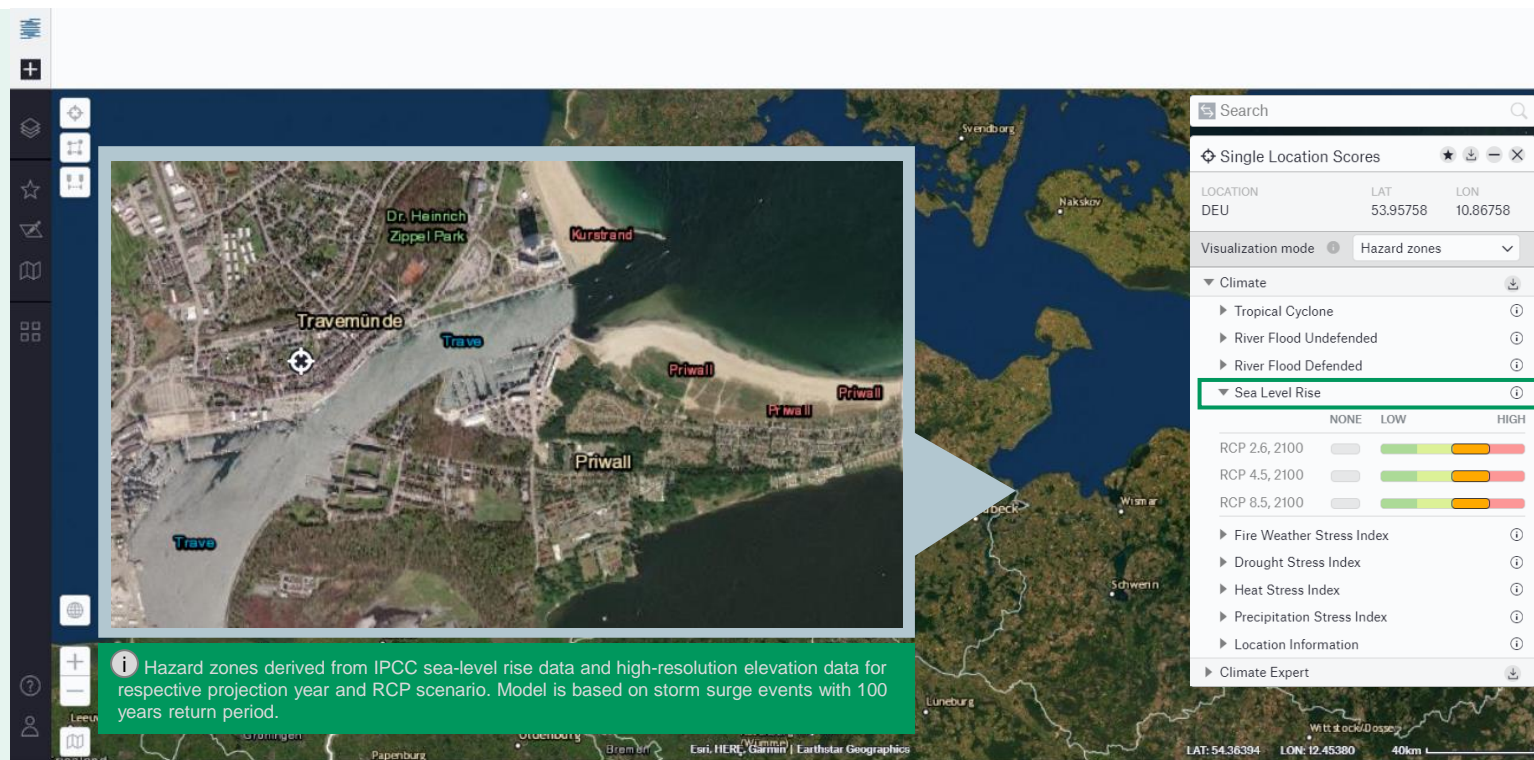
Regulatory stress tests

Risk management

Munich Re risk assessment via climate change edition



Example: Sea level – current situation



Munich Re risk assessment via climate change edition



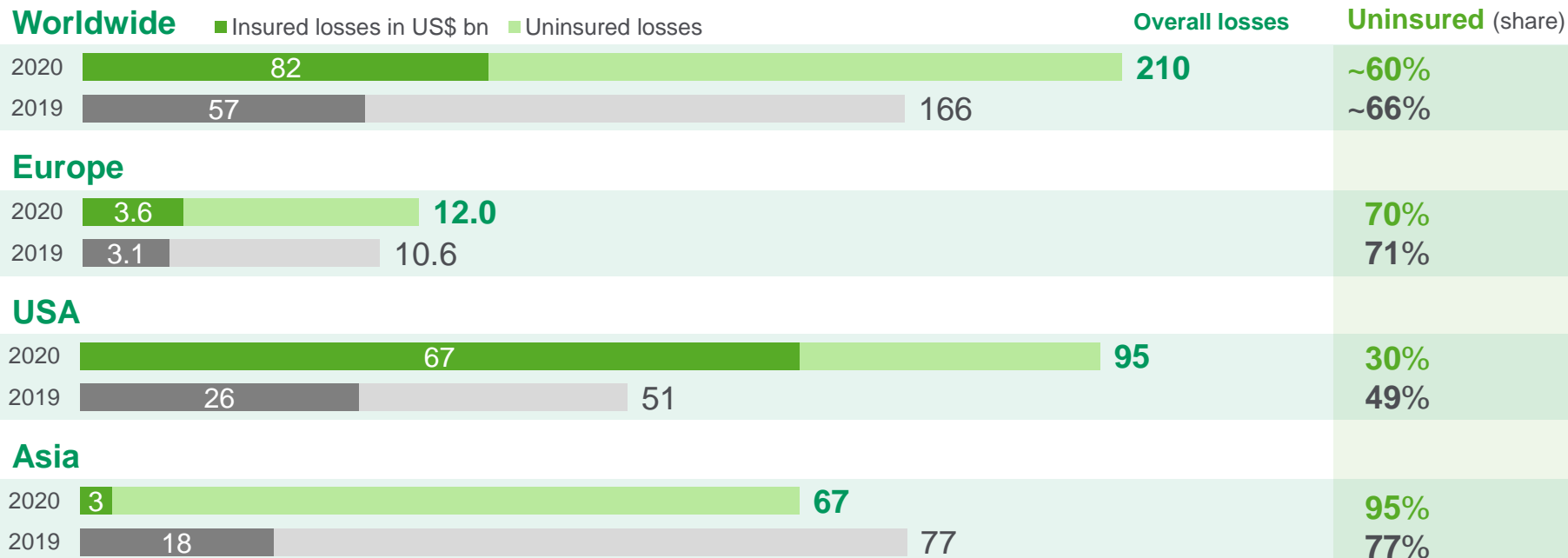
Example: Sea level rise – high emission scenario (RCP 8.5), year 2100



Uninsured share of nat cat losses around 60% in 2020

Low-income countries suffer most from nat cat events, but insurance density still very low

Global insurance gap for natural catastrophes remains large – Examples



„Enabling“: Growing Munich Re's nat cat portfolio profitable

Managing risks proactively/engaging in resilience-building projects

Climate change shifts frequency and/or intensity of severe weather events
Population density/value concentration/etc. increase exposures in risk areas



Availability

Growth potential in nat cat business
if adequately priced

and



Affordability

Holistic solution concepts to make
insurance cover still affordable

Mitigation of climate change effects

Limiting climate change through a
transition to a net-zero economy

Adaptation to climate change

Resilience against consequences
of climate change

“Enabling”: Parametric solutions and public-private partnership

Improving insurability in high-risk areas and reducing the insurance gap

Public-private partnership (PPP) solutions

PPPs combine the skills and resources of both the public and private sectors through sharing of risks and responsibilities

Public sector intervention can prevent market failures by taking on risks that the private sector is not able to absorb on its own (high nat cat exposures, pandemics, catastrophic cyber events,..)

Effective way to close the protection gap and to provide cover for risks that otherwise would remain uninsured

HOWEVER: Better understanding required by policymakers of the role that the (insurance industry) private sector can play and how new models can be formed to achieve win-win partnerships



Parametric trigger solutions

Definition of a parametric trigger (wind speed, magnitude, precipitation, etc.) and correlating to risk location → **transparency through independent data** collection and easy tracking

Fast payout (when trigger is activated) allows quick recovery and is structured to clients' needs

Efficient option to **reduce the insurance gap** in developing/emerging countries: easily understandable system, lower premiums (no damage investigation costs)

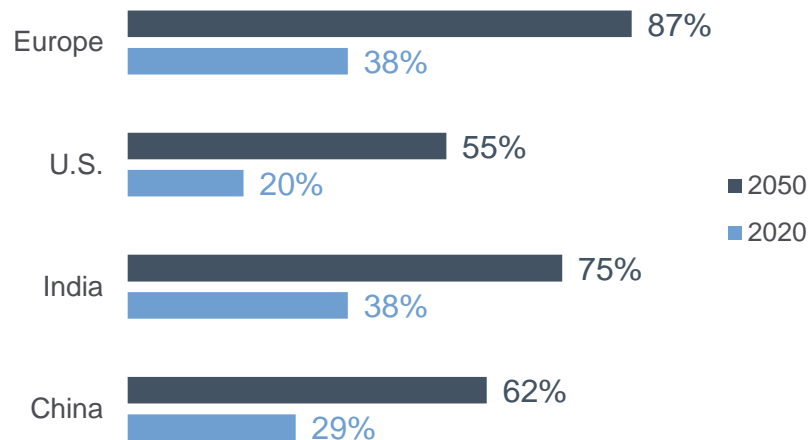
BUT: Remaining basic risk (deviation of claims payment from actual loss amount)

Innovative risk transfer – operating examples

Expansion of clean energy is key to reducing CO₂ emissions

Key economies are expected to be running on at least **50%** clean energy by 2050 ...

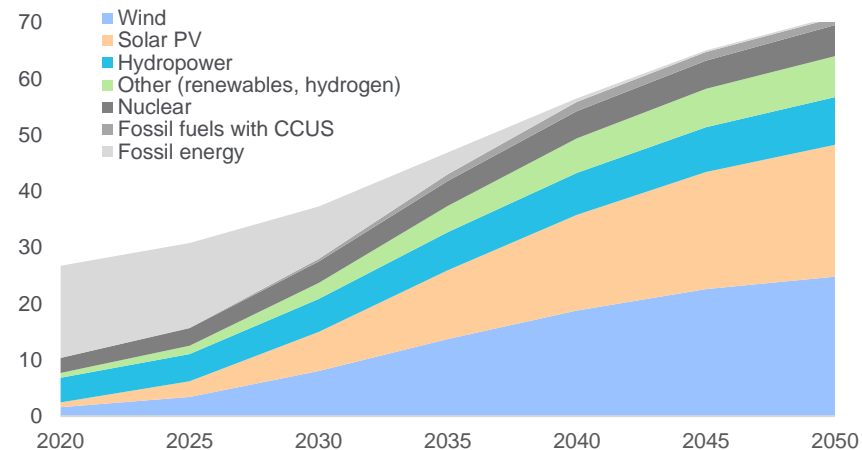
Energy generation of renewables (share of total)



Source: Bloomberg New Energy Finance

... in particular driven by expansion of solar, wind and hydropower

Global electricity consumption (1,000 TWh / per year)



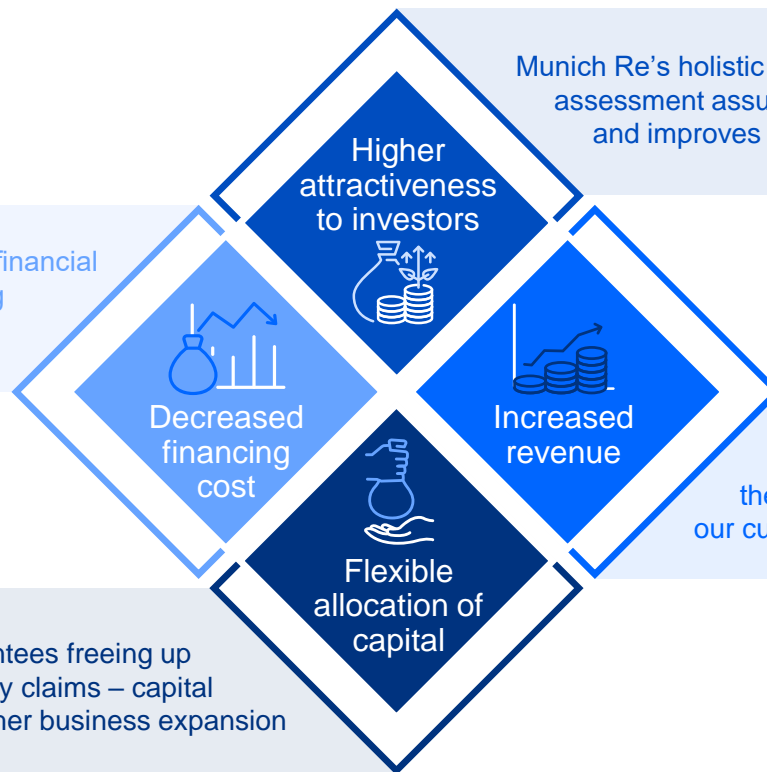
Source: International Energy Agency (2021), Net Zero by 2050, IEA, Paris. Aggregated view.

Munich Re provides solutions to enable the energy transition by structuring risk transfer products for its partners

	Risk embedded in new technologies	Munich Re solution	
	Diminishing performance over time, e.g. of solar panels	Long-term performance protection	 Munich Re signals trust and enables financing 
	Loss of warranty in case of manufacturer's insolvency	Insolvency-proof protection for end customers	
	Project financing – no investors or too expensive	Providing financial strength to reduce financing costs	
	Default of state guarantees, long-term electricity prices,...	Providing no cover	

Based on financial strength and know-how, innovative risk solutions support our clients in expanding their business

Backing by Munich Re's strong financial position leads to better financing terms and lower cost of capital



Munich Re's holistic expertise and risk assessment assures product quality and improves investment security

By protecting the end-customer and their warranty risk, it's getting easier for our customers to increase their sales

Performance guarantees freeing up reserves for warranty claims – capital can be used for further business expansion

Green Tech Solutions (GTS)

Established player in the field of renewable energies and energy efficiency



Focusing on technology and performance risk, based on internal and external expertise

Enabled over **US\$ 40_{bn}**
capital in **green technologies**
with performance risk transfer
solutions

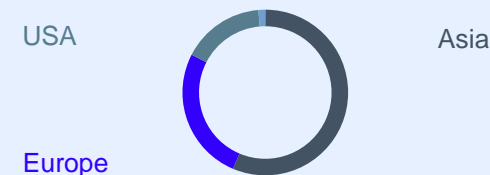


World-class partnerships with
industry associations, research and
certification institutes, e.g.

Fraunhofer, TÜV, VDE, ...

- Internal expertise due to industry experts in-house
- Own test field at research centre
- More than 250 PV manufacturing sites audited

Over 700 insured projects
and manufacturers in
80 countries **33 GW** insured



Providing various coverages for different stakeholders in the photovoltaic industry

Solar park performance cover

Investment protection

- Backstop of PV module warranty in the event of manufacturer's insolvency
- Support of project finance or resales of the project



PV corporate cover

Balance sheet protection

- Insurance of warranty risk only for the manufacturer to offer a cost-effective balance sheet protection



Top-up cover

Additional warranty protection

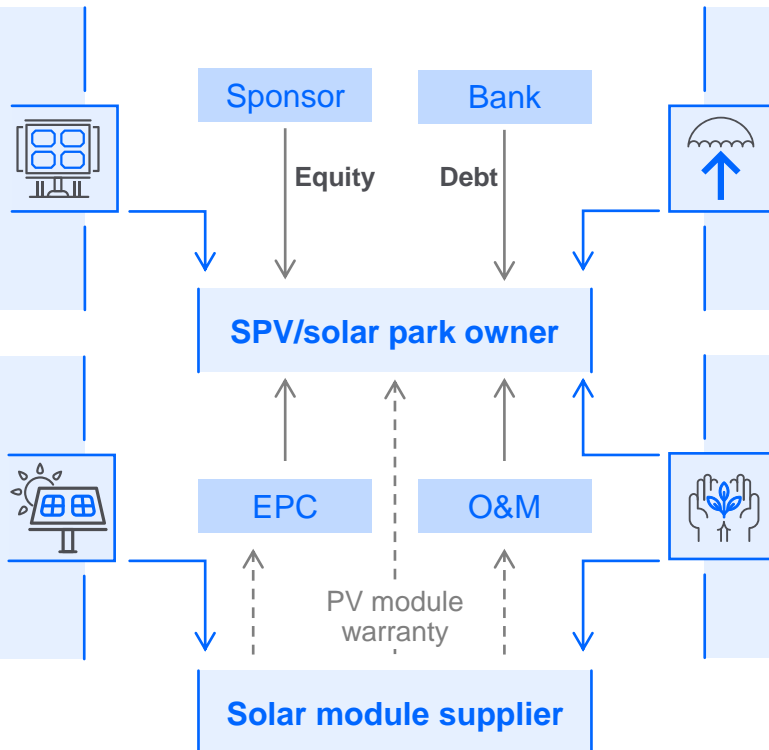
- Additional insolvency protection for the solar park
- Support of project finance and risk for investors



PV sales and buyers cover

Warranty and insolvency protection

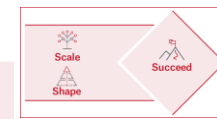
- Balance sheet protection for manufacturer with reduced warranty risk and strong marketing/sales advantage
- Long-term insolvency protection for the solar park owners



ESG at ERGO

ESG at ERGO

Support of Munich Re Group Climate Ambition 2025 and beyond



ERGO's contribution to achieving climate targets of Ambition 2025

- Full exit from thermal coal by 2040 and net-zero carbon emissions from ERGO investment portfolio by 2050
- Active exposure management ensuring decarbonisation and coal phase-out
- Strong global product governance implementing Group-wide guidelines, firmly comprising sustainable elements

ASSETS

- Total: Net-zero (2050)
- Thermal coal: Full exit (2040)

LIABILITIES

- Oil and gas: Net-zero (2050)
- Thermal coal: Full exit (2040)
- Expanding sustainable elements in product portfolio

Today's focus

OWN OPERATIONS

- Reduction of emissions in own operations to net-zero by 2030

Liabilities at ERGO

Engaging across segments

Sustainable insurance solutions following general principles

Environmental objectives of EU Taxonomy enriched by ...

... Sustainable Development Goals also considering societal challenges

- 1 Climate change mitigation
- 2 Climate change adaptation
- 3 Sustainable protection of water and marine resources
- 4 Pollution prevention and control
- 5 Protection and restoration of biodiversity and ecosystem
- 6 Transition to a circular economy



ESG
criteria

Life



Promote sustainable investments

Health



Strengthen preventive care
and mitigate negative disease
impacts

P-C



Support transition to climate change
resilient portfolio with adapted product
design and accelerate principles of
sustainability in claims handling

Liabilities at ERGO

Aiming to go beyond exclusions

Driving stronger integration of sustainability aspects into core business





Environmental dimension

Transition to low-carbon technology and natural hazard risk protection

Risk embedded

ERGO solution (exemplary)



Alternative driving concepts

Motor insurance including dedicated coverages for **e-vehicles and hybrids** – e.g. Germany



Wavering energy production

Performance protection for photovoltaics – e.g. Germany
Solar panel warranty insurance – e.g. India



Natural disasters due to global warming

Homeowner insurance extended coverage to photovoltaic including nat cat perils (e.g. flood, hail, storm) – e.g. Germany

ERGO aims supporting customers to ...

... mitigate climate change

... adapt to climate change

... progress energy transition



Social dimension

First indications on products with social added-values

Risk embedded

ERGO solution (exemplary)



Preventive healthcare and financial reimbursement

Supplementary dental insurance including preventive care measures – e.g. Spain and Germany



Access to basic healthcare cover

Affordable **family health insurance** – e.g. Spain



Financial losses in correlation of weather and economic activities

Microinsurance solution to protect livelihoods from weather-related crop failures – e.g. India

ERGO aims to help customers to ...

... keep their health status

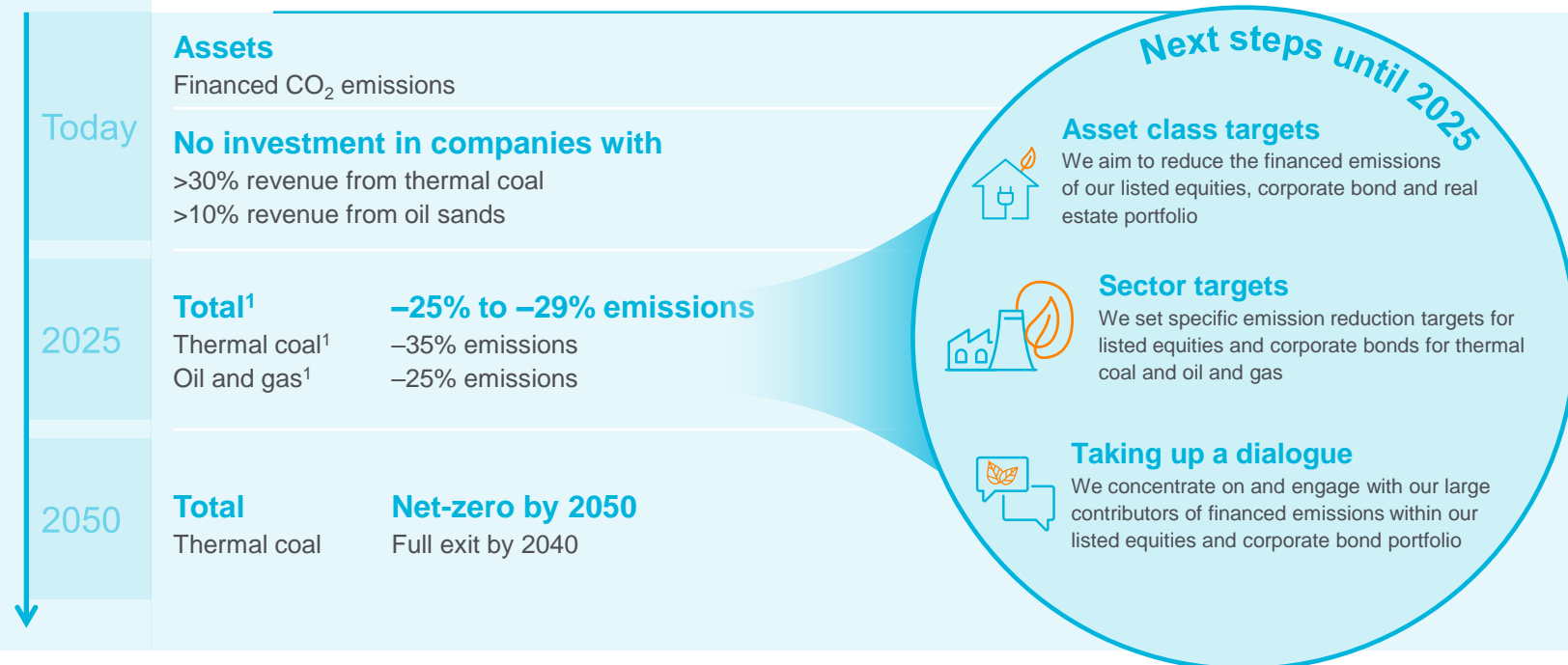
... recover to well-being

... retain prosperity

ESG in investments

Climate strategy for investments

Transition of investment portfolio to net-zero greenhouse gas emissions by 2050



¹ Based on sub-portfolio of equities listed, corporate bonds, equities and real estate.

ESG investment strategy

Close alignment with our commitments

Principle	Set targets for asset classes, sectors, engagement and financing transition
Focus	All investments which impact environment and climate, starting with equities, corporates, real estate (followed by sovereigns and infrastructure)
Target	Transition of investment portfolio to net-zero greenhouse gas emissions by 2050
Commitments	Principles for Responsible Investment (2006) Net-Zero Asset Owner Alliance (2020) Climate Action 100+ (2020)

Approach



Integration of ESG indices, best-in-class, criteria for exclusion



Engage with companies, develop action plans, CO₂ focused investment steering



Double renewables portfolio to €3bn by 2025



Reducing our CO₂ asset footprint until 2025

Reduction targets until 2025



For equities, corporates and real estate: –25% to –29%

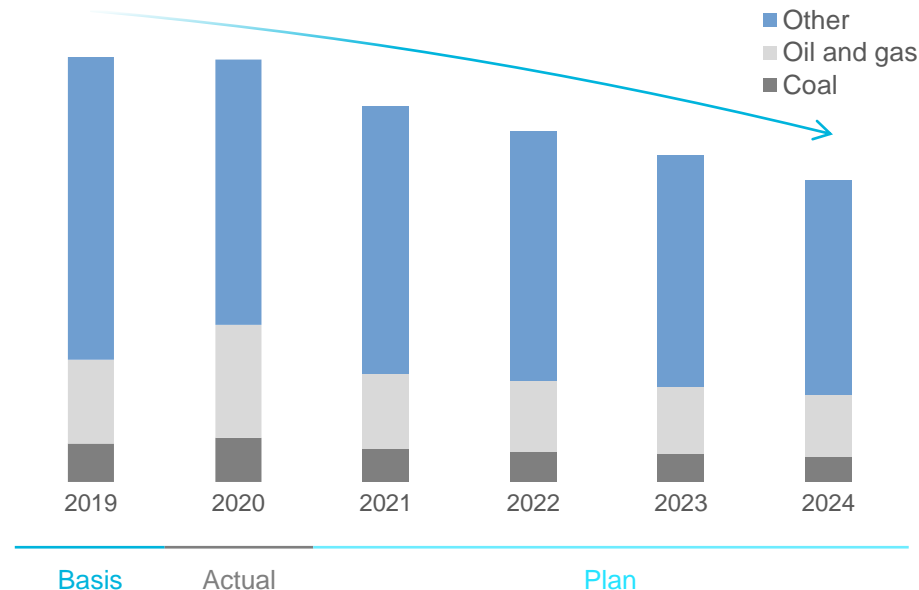


Sector target: –25% for oil and gas (equities/corporates)



Sector target: –35% for coal (equities/corporates)

First AOA reporting of CO₂ emissions





Integration of ESG strategy into investment processes

First achievements

Group-wide implementation project working on instruments

- Alternative benchmarks
- Guidelines for new investments
- CO₂ budgets on single-portfolio level
- Portfolio reallocation



First reduction step in coal sector

- In line with climate strategy and full thermal coal exit by 2040 – first reduction step targets companies with coal revenue between 15% and 30% are targeted
- Extended monitoring list of targeted coal sector to companies with high absolute coal production or power generation



Enhanced governance and ESG monitoring as basis for integration of ESG strategy



Engagement

Achieving real-world impact

Collaborative engagement driven by MEAG

- Munich Re and MEAG joined Climate Action 100+
- Participation at roundtables with top management of engaged company; each engagement runs for 3–5 years
- Focus on companies with material impact on CO2 emissions with preference for laggards on climate targets instead of the front runners



Reporting of engagement activities set up

- One-page overview developed in order to track engagement activities
- Increased transparency of (proxy) voting results
- New holistic stewardship approach including engagement and linked to MEAG (proxy) voting guideline



Further enhancement of engagement activities as key factor

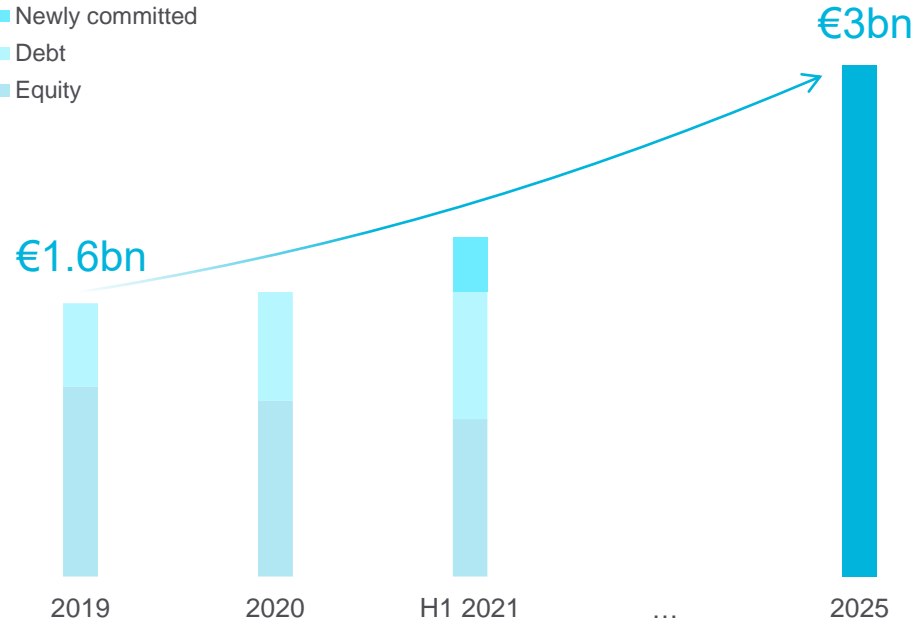


Expansion of renewable portfolio

Doubling to €3bn by 2025

Development of investments in renewables – market value

- Newly committed
- Debt
- Equity



Newly invested projects

- Equity: Solar (USA)
- Debt: Solar (Spain)
- Debt: Wind (Germany)

Newly committed projects

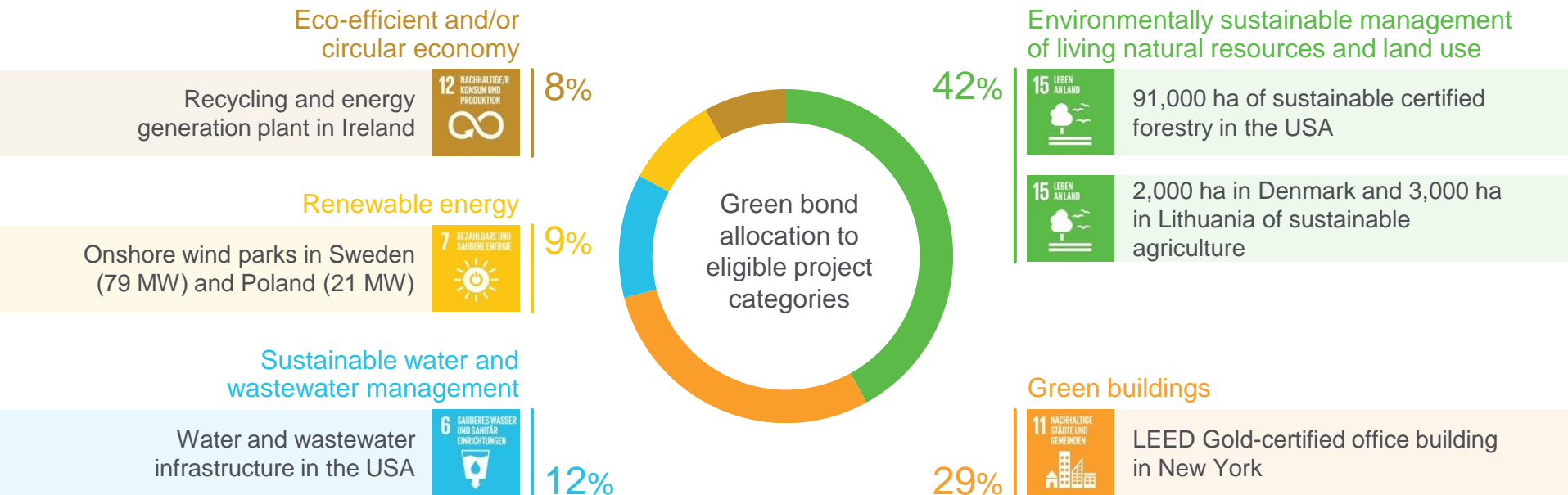
- Debt: Solar (Portugal, Chile)
- Debt: Wind (Finland)
- Debt: CO₂-reduction/saving fund



Green bond 2020 proceeds have been fully allocated

Munich Re committed €1.3bn to eight sustainable projects

Eligible projects contribute to UN Sustainable Development Goals



New green bond issued in 2021



Munich Re

Key takeaways and Q&A

ESG webinar for analysts and investors



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