



Image: Klaus Ohlenschläger / dpa Picture Alliance

## Munich Re Remuneration system for the Board of Management as of 1 January 2021 (including changes as of 1 January 2022)

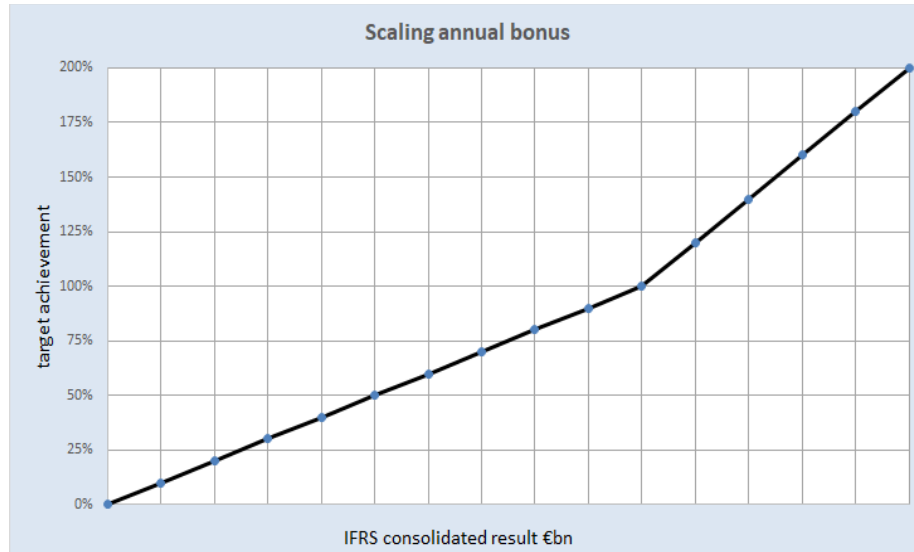
Disclaimer: The remuneration system will be part of the agenda at the Annual General Meeting of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München ("Munich Re") on 28 April 2021.

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Relative share	Component	Performance criteria	Target corridor	Evaluation	Payment (form, time)	Further components		
Fixed remuneration	~ 49%	<b>Basic remuneration</b>	<ul style="list-style-type: none"> <li>Function</li> <li>Responsibility</li> <li>Length of service on Board</li> </ul>	-	-	Cash remuneration, monthly	<b>Shareholding obligation (Share Ownership Guidelines)</b> <ul style="list-style-type: none"> <li>100% of annual gross basic remuneration</li> <li>During the period of service on the BoM</li> <li>5-year build-up phase or 2 years if service on the BoM commenced before 2019</li> <li>Obligation to provide proof</li> </ul>	
	~ 1%	<b>Regular fringe benefits/remuneration in kind</b>	As of 1 January 2021, <b>no employer-financed pension scheme</b> 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 rights to switch to the new system					
Variable remuneration (100% evaluation)	~ 15 %	<b>Annual bonus (AB)</b>	<b>IFRS consolidated result</b>	<b>Scaling 0–100%/100–200%</b>  $0\% = T - (2 \cdot X)$ $100\% = T$ $200\% = T + X$  T = Target in €m X = Deviation in €m (T and X determined annually)	Achievement of annual target	<b>Overall performance assessment for AB + MYB (bonus/malus aspects)</b>  Adjustment of target achievement by Supervisory Board, taking into account individual and collective management performance	Cash remuneration, in the year after the one-year plan term	<b>Assessment of appropriateness of total remuneration</b> <ul style="list-style-type: none"> <li>in comparison with the market → DAX30 companies</li> <li>within the Company → upper management and staff overall (also over time)</li> </ul>
	~ 35% <i>(As of 2022: thereof ~ 28% TSR, ~ 7% ESG)</i>	<b>Multi-year bonus (MYB)</b>  Term: 4 years	<b>Total Shareholder Return (TSR) of Munich Re shares in comparison with a defined peer group (as of 2022: 80%)</b>  (Peer group: Allianz, AXA, Generali, Hannover Re, SCOR, Swiss Re, Zurich Insurance Group)	<b>Linear scaling 0–200%</b>  0% = lowest TSR in peer group  200% = highest TSR in peer group	Performance of Munich Re shares in comparison with peer group		<ul style="list-style-type: none"> <li>➢ Loading/reduction of up to 10 pp based on ESG criteria</li> <li>➢ Loading/reduction of up to 10 pp based on <b>success and performance criteria</b> (including situation, performance and future prospects of the Company)</li> </ul>	
	No subsequent adjustment of target values/comparative parameters for annual and multi-year bonus		<b>New as of 2022: 20% ESG-Target(s)</b>	<b>Scaling 0 – 200% 100% = Target</b>	<b>Achievement of multi-year target(s)</b>	<b>Remuneration for seats held on other boards</b> → to be paid over to Company		<b>Severance payment cap</b> → two years' remuneration, no more than remaining term of the Board member's contract if that term is shorter
<b>100%</b>	<b>Target overall remuneration</b> (total remuneration for 100% evaluation of the variable remuneration components)					<b>In the event of post-contractual non-competition agreement</b> → severance payments are taken into account in compensation for the period of competitive restriction		
The defined <b>maximum remuneration</b> for the BoM function groups <b>Chair (€9.5m)</b> and <b>ordinary member (€7.0m)</b> limits the <b>overall remuneration (including irregular/event-related fringe benefits, e.g. removal costs, compensation for bonuses forfeited at previous employers)</b> allocable to a financial year.								

# Annual bonus - Change of scaling

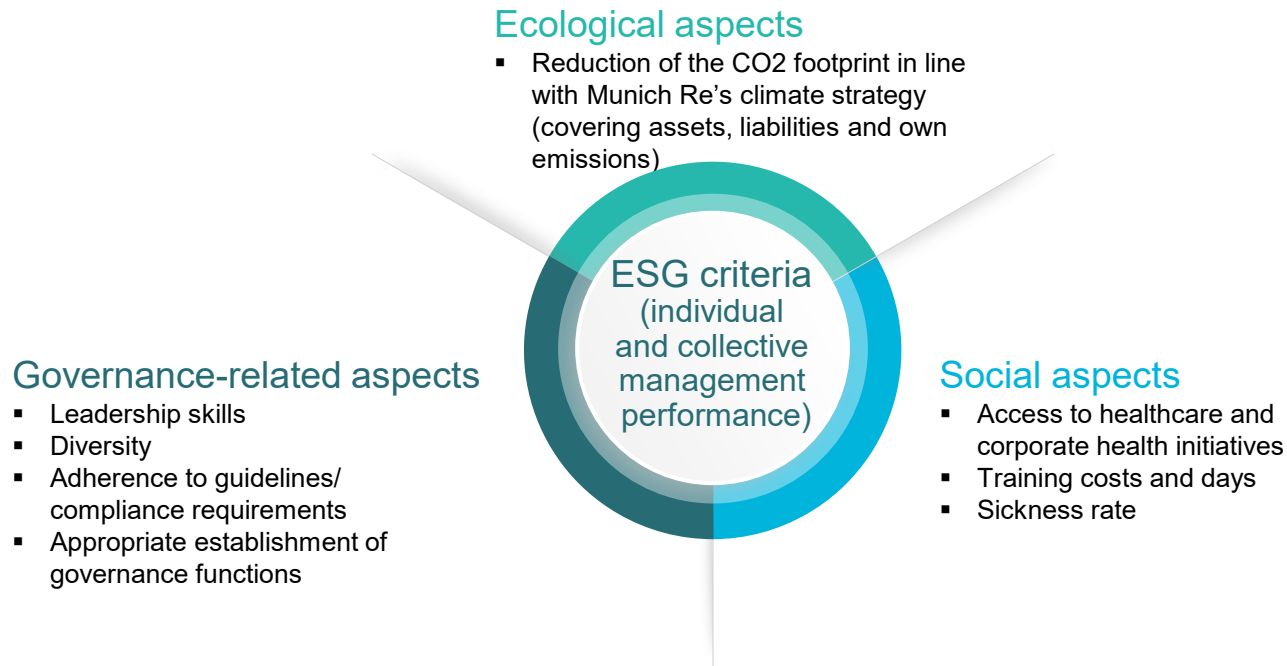
## New scaling as of 2021



## Rationale for change of scaling

- Linear scaling always appears appropriate when business-inherent earnings volatilities are symmetrical in nature. At Munich Re, however, they are highly asymmetrical.
  - The asymmetry in earnings is mainly driven by:
    - The natural asymmetry of the business model – positive deviations are limited, negative deviations can be much more pronounced
    - Munich Re Group's steering approach – Particularly prudent reserving methods
- **Therefore, the former scaling will be replaced by a new scaling where the range between 0% and 100% will be twice as high as the one between 100% and 200%.**

## ESG criteria (loading/reduction of up to 10 percentage points)



# Discretionary evaluation of success and performance using adequate criteria

## Success and performance criteria (loading/reduction of up to 10 percentage points)

