

Munich Re's Statement on the UK Modern Slavery Act

This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and constitutes Munich Re's slavery and human trafficking statement for the financial year ending 31 December 2021.

The organisation's structure, its business and its supply chains

Munich Re (Group) is one of the world's leading risk carriers and provides both insurance and reinsurance under one roof. This enables the Group to cover large stretches of the value chain in the risk market. The majority of the reinsurance units operate under the uniform brand of Munich Re. ERGO Group AG (ERGO) is active in nearly all lines of life, health and property-casualty insurance. The majority of Munich Re's investments are mainly managed by MEAG, which also offers its expertise to private and institutional investors outside the Group.

In reinsurance, we operate in life, health and property-casualty business. Under reinsurance, we also include specialised primary insurance activities that are handled by the reinsurance organisation and business from managing general agencies (MGAs). Munich Re does business with over 4,000 corporate clients from more than 160 countries. We write our business in direct collaboration with primary insurers, but also via brokers and within the framework of strategic partnerships. In addition to traditional reinsurance business, we participate in insurance pools, public-private partnerships, business in specialist niche segments, and also as a primary insurer.

As a globally operating organisation, Munich Re procures many different goods and services throughout the world. By purchasing at best total value in terms of quality, time and cost, while ensuring compliance, the procurement functions throughout the Group seek to deliver a substantial and lasting contribution to the success of Munich Re.

All "Munich Re" processes and rules described below apply to Munich Re AG including its branches and representative offices.

Munich Re's policies in relation to slavery and human trafficking

At Munich Re, our business model is based on responsible, sustainable, and forward-looking action over the long term. We regard the protection of human rights as a particular obligation, one that we strive to meet in line with internationally accepted human rights principles. It is part and parcel of our approach to corporate governance, which embeds economic, environmental, and social requirements into our definition of success. The Board of Management has confirmed this commitment by clearly stating Munich Re's declaration of principles on human rights (it can be found on the [Munich Re website](#)).

Therefore, Munich Re is committed to upholding human rights duty of care along the value chain and to respecting internationally recognised human rights. In signing the UN Global Compact, we have committed ourselves to the following principles:

- To support and respect the protection of international human rights within our sphere of influence;
- To take precautions to ensure that the Group is not complicit in human rights abuses such as human trafficking;
- To uphold freedom of association and the effective recognition of the right to collective bargaining,
- To avoid any forms of forced and compulsory labour and child labour; and
- To aim to provide employment and workplaces that are free from discrimination.

In addition to our commitments to this standard and others specified by the Principles for Sustainable Insurance (PSI), and the Principles for Responsible Investment (PRI), Munich Re is committed to respecting human rights as defined in the following human rights-specific principles:

- UN Guiding Principles on Business and Human Rights
- International Bill of Human Rights, consisting of the:
 - Universal Declaration of Human Rights
 - International Covenant on Civil and Political Rights
 - International Covenant on Economic, Social and Cultural Rights
- ILO Declaration on Fundamental Principles and Rights at Work

Munich Re's risk management processes in relation to slavery and human trafficking in its business and supply chains

Munich Re has committed to observing its duty of care on human rights along its value chain, and to respect internationally recognised human rights. To this end, we developed the following processes for human rights compliance in 2018, and these have been reviewed each year since then:

- Commitment of the Board of Management to respect human rights
- Identifying and assessing human rights risks and impact
- Implementing measures and monitoring
- Reporting and communication
- Remedy and grievance mechanism

Assessment of human rights risks

Munich Re's management strives to prevent potential adverse impact on human rights arising from its business operations. To identify such impact, the following four dimensions have been defined: employees, procurement, our core business of insurance and reinsurance, and investment.

As regards our insurance business and investment, we take environmental, social and governance (ESG) criteria (including the observance of human rights) into account as part of risk assessment and decision-making processes, which is regulated by specific guidelines.

In addition to the ESG guidelines, we have created a risk mapping tool for human rights. The tool considers the following topics when mapping risks by country: child labour and forced labour, human trafficking, discrimination based on gender, sexuality, or religion, working conditions (wages, working hours, occupational health and safety, collective bargaining and freedom of association), threats to communities and indigenous people, restrictions on people's liberty or freedom, and international and domestic conflicts. On the subject of sector risks, the tool focuses on working conditions, child labour and forced labour, occupational health risks, and the sources of commodities.

Measures to manage human rights risks

a) Measures for each risk dimension

For each of the four risk dimensions we have defined (employees, procurement, our insurance business and investment management), we have implemented tools to guide our decision-making in line with conscientious management practices.

Employees

As an employer, we are committed to complying with international human rights standards and creating adequate working conditions for our staff like transparent remuneration conditions, an extensive company health management framework with a wide range of healthcare options, comprehensive employee assistance programmes, as well as flexible working conditions and working-time models.

Our Code of Conduct, as a set of binding rules for all our staff members, explicitly states that Munich Re does not tolerate any kind of discrimination in respect of employment and occupation and upholds the freedom of association and the effective recognition of the right to collective bargaining.

Procurement

In our procurement decisions and activities, we aim to adhere to compliance principles and thus assume corporate responsibility along the value chain. Environmental, social and governance (ESG) criteria play an important role for us in the procurement of goods and services.

We have established appropriate procurement principles for working with our suppliers. Based on the principles of the UN Global Compact, our procurement principles help protect human rights, prohibit forced labour and child labour, and uphold both freedom of association and the right to collective bargaining. Furthermore, they forbid corruption and enforce environmental protection. Accordingly – and as a requirement for cooperation – Munich Re expects its business partners to likewise commit to those of our principles that explicitly cover human rights and labour standards. In addition to this, we built a global core model for digital supplier management and went live with the solution at our Munich headquarters in 2020.

Procurement departments at Munich Re are responsible for including relevant corporate responsibility clauses in supplier agreements. In Reinsurance we obligate our suppliers to recognise the UN Global Compact. In 2021, compliance with UNGC criteria was anchored in approximately 80% of our framework agreements for reinsurance. Should an infringement occur during the term of contract with one of our suppliers, we will actively seek dialogue with our contracting parties in an effort to remedy any deviations from our guidelines. If this does not prove successful, Munich Re reserves the right of extraordinary termination for good cause.

(Re-) Insurance

Munich Re has set out, in underwriting guidelines, how underwriters and client managers are to handle ESG risks in insurance business.

In the insurance business, sensitive business issues or sectors have been identified in which social aspects, including human rights, are taken into account in the risk assessment. Mandatory guidelines and best practices relevant to human rights, among others, have been developed for these issues. For example, the exclusion of anti-personnel mines and cluster munitions (banned weapons) is mandatory in both primary insurance and reinsurance.

If the assessment of a potential transaction by our Corporate Underwriting and Sustainability Departments comes to the conclusion that there is significant reputational risk, the issue is escalated to the Reputational Risk Committee – in the case of reinsurance business – or to the Reputation and Integrity Committee at ERGO.

Investment

We take a responsible investment approach by observing the Principles for Responsible Investment (PRI) and our Group-wide Responsible Investment Guidelines (RIG). Sensitive issues that could lead to reputational risks are dealt with in adherence to management and compliance processes as well as through specific Reputational Risk Committees (RRCs).

Within the framework of responsible investment, government bonds and bonds of government-related institutions with an MSCI ESG rating of “CCC” are generally excluded, as they exhibit high risks with regard to socio-economic and political factors and also to their use of natural resources. Among other things, the MSCI Government Ratings take human rights into account.

As a responsible investor, the international conventions relating to anti-personnel mines and cluster munitions (banned weapons) are supported and investments in shares and bonds of companies who are active in these areas are excluded. When making direct infrastructure investments, we assess new investments within the due diligence process using a catalogue of ESG criteria (including, for example, climate, biodiversity, and human rights).

b) General measures

The compliance **whistleblowing portal** of Munich Re allows employees, clients, suppliers and other business partners to report potential or actual human rights violations. Whistleblowers can access the portal by using the internal web or the publicly accessible Munich Re website. Employees can also report incidents to their direct managers or the Compliance Officer. This means that relevant information can be passed on safely, confidentially and, if desired, anonymously, worldwide and around the clock.

The platform can be used to report possible violations involving corruption, financial sanctions, fraud, antitrust, regulatory framework, money laundering, tax compliance, sales compliance, insider trading and data protection, and also those related to human rights or personnel (e.g. gender discrimination, sexual harassment, diversity or violations of the principle of equal treatment). Munich Re’s whistleblowing portal is currently adding local whistleblowing channels to comply with the EU Whistleblowing Directive (No. 2019/1937).

The Compliance department investigates a matter if we become aware of a possible human rights violation. The investigations to be initiated and the procedure are defined and set out in an internal set of rules. Every possible case of misconduct is investigated and clarified. If we learn of human rights violations in an existing contractual relationship, we enter into dialogue with the relevant stakeholders.

Raising awareness: training and capacity building on slavery and human trafficking

In order to raise staff awareness and familiarise them with the key compliance rules and help them understand the importance of following these rules at work at all times, employees re-certify their knowledge of the Code of Conduct regularly. This training course includes information on topics such as the German General Act on Equal Treatment, reporting of infringements, data protection and corruption.

In the reinsurance sector, our sustainability experts coordinate the implementation of the Principles for Sustainable Insurance (PSI) and the integration of ESG aspects in our reinsurance business. With this in mind, these experts provide relevant training for managers, underwriters and client managers in the different divisional units. In addition, a network of ESG coordinators was established in the reinsurance segment.

Employees responsible for human rights issues within the Group regularly attend external seminars and webinars in order to deepen their knowledge. Munich Re is also an active member of the Peer Learning Group of the German Global Compact Network.

Progress in the financial year 2021

We will continue to work on the implementation of human and labour rights aspects and to consider our obligations under the UK Modern Slavery Act 2015.

- In 2021 we developed “ESG Basics”, a new Group-wide ESG awareness-raising measure aimed at all employees. It includes the ESG criteria relevant to our business success, such as climate and environmental aspects, social criteria such as working conditions and human rights, and compliance and governance requirements. Further, we plan to continue to provide customised ESG training formats for our employees in the core insurance business, for example, to provide our underwriters with the best possible support when underwriting risks.
- The core model for digital supplier management will be rolled out globally over the next three years, and will enable us to improve accessibility, acceptance and documentation of the UN Global Compact Principles throughout our global supply base in the reinsurance segment. Through use of the global core model and the associated standardised supplier onboarding/contracting process, UNGC coverage is expected to reach 95% in the medium term in the reinsurance segment.

- The human right to health was obviously still a particular concern for Munich Re in 2021. Our comprehensive hygiene concept protect staff against infection with SARS-CoV-2 through a variety of work-safety measures. The regionally implemented plans included e.g. strict rules for behaviour in office buildings (including meeting rooms, restrooms, cafeterias and canteens), mandatory wearing of mouth and nose protection, guidance for unavoidable business travel including quarantine rules, and many more measures. This hygiene concept was continuously adapted to the current pandemic situation across all locations worldwide. Munich Re made it possible for a large part of the workforce to work from home. Increased flexibility in working hours has enabled parents to balance childcare, home schooling and work while following all social distancing rules.
- In addition, the Act on Corporate Due Diligence in Supply Chains (Supply Chain Due Diligence Act – Lieferkettensorgfaltspflichtengesetz – LkSG), passed by the German Bundestag in June 2021, obliges German companies with more than 3,000 employees to comply with human rights and environmental due diligence requirements in an appropriate manner in their supply chains as of the 2023 financial year. For the relevant areas, we will analyse the existing internal processes for human rights compliance by 2023 in order to meet the legal requirements. Accordingly, a Group-wide project has been launched.

Munich, 30 June 2022



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Chairman of the Board of Management
Munich Re

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