

# REMUNERATION DISCLOSURE

The Australian Prudential Regulation Authority (APRA) is the prudential regulator of the Australian financial services industry. APRA establish and enforce prudential standards and practices on the institutions it supervises in order to protect the financial interests of the Australian community. The Remuneration prudential standard (CPS511) requires APRA-regulated entities to annually publish information on their remuneration frameworks, design, governance and outcomes. The following information has been prepared for the purpose of satisfying these requirements.

## 1 Governance

This disclosure covers Munich Holdings of Australasia Pty Limited (MHA) and the three APRA-regulated entities (collectively “Munich Re Australia”):

1. **Munich Reinsurance Company of Australasia Limited** (including its NZ branch, MRA)
2. **Munich Reinsurance Company – Australian Branch** (MRAu)
3. **Great Lakes Australia** (GLA)

All staff of Munich Re Australia are employed by MHA.

Nonetheless the Board of MRA, MRAu Senior Officer Outside Australia (SOoA) and GLA SOOA are ultimately responsible for the remuneration framework and its effective application.

The Board of Directors of MHA and MRA (the Boards) have established a joint MHA and MRA Remuneration Committee (the Committee) to help these three oversight functions to fulfil their obligations under CPS511, including collating approvals of the SOoA, supplementing these with respect to MRA and make recommendations to both Boards with respect to frameworks, policies and remuneration decisions. The Boards review and approve the Committee’s recommendations.

The Committee met formally four times during the 2024 financial year.

At the time that the Munich Re Group IFRS results are ratified by the Munich Re Group’s Board of Management, MHA HR will provide the Committee with recommendations on the payment of variable remuneration including the Annual Company Bonus (ACB) and the Global Long Term Incentive (LTI), if any.

These recommendations would incorporate performance, risk and conduct adjustments identified through the assessment as defined in the MHA Consequence Management Policy.

In advance of the recommendations to the Committee, MHA HR will consult the MHA Chief Risk Officer, GLA Chief Risk Officer and Internal Audit Manager on whether there are any material risk management breaches that have been identified within their responsible business units.

Ultimately, the Boards will approve the variable remuneration outcomes including any upward or downward adjustments, to ensure alignment with the company’s overall performance and risk management framework.

## 2 Design and Structure of Remuneration Framework

MHA commits to:

- ensuring the remuneration framework aligns with APRA-regulated entities’ business plan, strategic objectives and risk management frameworks;
- promoting effective management of financial and non-financial risks, sustainable performance and APRA regulated entities’ long-term soundness;
- supporting prevention and mitigation of conduct risk;

- compensating all employees fairly and equitably;
- motivating employees to achieve high performance in the best interests of the company by recognising their contribution through appropriate variable remuneration programs; and
- motivating employees to continuously develop their skills and abilities through appropriate remuneration adjustments based on their skill and competency development.

This will be achieved by:

- implementing globally aligned variable pay programs which are based on Munich Re Group's KPIs ratified by the Board of Management of Munich Re Group;
- the Global Long Term Incentive program which is based on 4-year objectives, support long-term soundness and sustainable performance;
- introducing the MHA Consequence Management Policy to set expectations, be transparent on potential consequences and outcomes, manage non-financial risks and ensuring the compliance of the MHA Consequence Management Policy; and
- robust approval processes with the Boards and SOoA's oversight on variable remuneration outcomes.

### 3 Remuneration Policy

#### 3.1 Linking Remuneration to Performance

In Munich Re Group, the variable pay structure consists of two schemes, the Annual Company Bonus (ACB) and the Global Long-Term Incentive (LTI). Both schemes operate in a globally consistent way, align with Munich Re Group's business plan, strategic objectives and risk management framework.

The LTI program is based on 4-year business objectives with the payment made in the 5<sup>th</sup> year. The proportion of variable pay shall depend on the employee's career level.

In addition to ACB and LTI, Variable Remuneration in Munich Re Australia includes, but is not limited to Spot Bonus, Anniversary Bonus, Retention Bonus, and any other items deemed variable remuneration under CPS511.

#### 3.2 Types of positions included in Specified Roles as defined in CPS511:

- Senior Managers and Executive Directors per CPS511:
  - Managing Director, MHA\*
  - Chief Risk Officer
  - Chief Financial Officer
  - Chief Executive Officer, MRA\*
  - Head of Non-Life
  - Head of Branch, GLA\*
  - Chief Risk Officer, GLA

*\* These roles are also classified as Material Risk Takers as defined in CPS511.*
- Risk & Financial Control Personnel per CPS511:
  - Risk Management
  - Compliance
  - Internal Audit
  - Financial Control
  - Actuarial Control
- Other Material Risk Takers (including Highly-Paid Material Risk Takers) per CPS511: nil

### 3.3 Variable Remuneration and Consequence Management

To ensure the effective management of financial and non-financial risks, sustainable performance and the long-term business soundness, as well as to support the prevention and mitigation of conduct risk, downward adjustments may be implemented in certain circumstances.

Triggers that may result in a downward adjustment to an employee's variable remuneration include:

- misconduct leading to significant adverse outcomes;
- significant failure of financial or non-financial risk management;
- a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- a significant error or a significant misstatement of criteria on which the variable remuneration determination was based; and/or
- significant adverse outcomes for customers, beneficiaries or counterparties.

The amount of downward adjustment and the adjustment tools shall be proportionate to the severity of performance, risk and conduct outcomes, including:

- Reduction in ACB: to nil
- Reduction in LTI: to nil
- Reduction in any other variable remuneration: to nil
- Clawback of variable remuneration which has been paid in the last two years (if appropriate)