

Remuneration report

The remuneration report describes the structure of the remuneration system for the Board of Management and Supervisory Board in the past financial year, and contains detailed information on the individual remuneration of the members of the Board of Management and Supervisory Board.

Remuneration of the members of the Board of Management in 2018

The full Supervisory Board decides on the remuneration system for the Board of Management, and reviews it regularly. Since its formation on 1 January 2018, the Remuneration Committee has been responsible for preparing resolutions on remuneration matters for the full Supervisory Board. The Remuneration Committee is composed of the Chairman of the Supervisory Board and one representative each of the shareholders and employees. Following the 2019 Supervisory Board election, the Committee is to be set up in such a way that the two shareholder representatives may not be members of the Supervisory Board for more than ten years. This meets a key demand of our shareholders. ↗

As a result of the establishment of the Remuneration Committee, responsibility for all remuneration matters concerning members of the Board of Management has been transferred from the Personnel Committee to the Remuneration Committee. All other duties of the Personnel Committee, such as the appointment and dismissal of Board members, the conclusion of contracts or the assessment of the performance of the Board of Management, remain unaffected.

The new remuneration system for the Board of Management, which was introduced in 2018, was voted on by the Annual General Meeting on 25 April 2018 and approved by the majority. It meets the relevant company and supervisory law requirements, including those of the German Corporate Governance Code.

Remuneration comprises fixed (non-performance-related) and variable (performance-related) components and a company pension scheme. Details are included in the following table:

Structure of the remuneration system for the members of the Board of Management

Component	Share ¹	Assessment basis/ Parameters	Corridor	Performance evaluation	
Basic remuneration plus remuneration in kind/ fringe benefits	50%	Function, responsibility, Length of service on Board	Fixed		
Variable remuneration	50%	Corporate performance, Result of divisional unit, Personal performance			
30% annual bonus (for 100 % performance evaluation)		IFRS consolidated result	Linear scaling 0-200% (fully achieved = 100 %)	Achievement of annual objective	Evaluation of overall performance:
Bonus scheme spanning one calendar year					Adjustment of achievement figures by the Supervisory Board, taking into account
70% multi-year bonus (for 100 % performance evaluation)		Total shareholder return (TSR) of Munich Re shares compared with a defined peer group	Linear scaling ² 0-200%	Performance of Munich Re shares compared with peer group	- individual and collective management performance
Bonus scheme spanning five calendar years		(Peer group: Allianz, AXA, Generali, Hannover Re, SCOR, Swiss Re, Zurich Insurance Group)	0% = lowest TSR value in the peer group comparison 200% = highest TSR value in the peer group comparison		- financial situation, performance and future prospects of the Company
					Loading/reduction of up to 20 percentage points
Pension					
Defined contribution plan		Target overall direct remuneration ³	Pension contribution	> Retirement > Insured event > Premature termination	

1 For the variable remuneration, the share shown presupposes 100% performance evaluation.

2 In light of the fact that the peer group is very small – with just seven companies (main competitors) – and comprises both primary and reinsurance companies, there are no further performance hurdles or thresholds. Moreover, to ensure sound and effective risk management, members of the Board of Management should not be encouraged to take excessive risks in an endeavour to achieve higher bonuses. The bonus amount must adequately reflect the performance of Munich Re shares compared with that of the peer group.

3 Target overall direct remuneration comprises basic remuneration plus variable remuneration based on 100% performance evaluation.

The equal shares of basic remuneration and variable remuneration provide for a balanced composition of overall remuneration as stipulated in the Solvency II regulations. In accordance with Solvency II, fixed and variable remuneration components must be in balance, so that the fixed component represents a sufficiently high proportion of the total remuneration and enables the undertaking to apply a fully flexible bonus policy, including the possibility of paying no variable remuneration at all. There should be no incentive for members of the Board of Management to engage in excessive risk-taking in order to achieve higher bonuses.

Fixed remuneration

Fixed remuneration comprises basic remuneration plus remuneration in kind and fringe benefits (such as company cars and insurance policies). The salary tax on the remuneration in kind and fringe benefits is borne by Munich Re.

Variable remuneration

Assessment bases and link to corporate strategy

Variable remuneration comprises an annual and a multi-year component, both of which are related to the future.

The exact target for the IFRS consolidated result used for the annual bonus, and the respective figures for a 0% and 200% achievement of objectives (linear scaling) are communicated externally. The target cannot be adjusted retroactively. After the assessment period has ended, the IFRS consolidated result achieved and the corresponding achievement of objectives are also disclosed.

As regards the total shareholder return (TSR) of Munich Re's shares used for the multi-year bonus, which is measured in relative terms in comparison with the peer group, the specific values for assessing the achievement of objectives will not be available until the end of the scheme. The lowest TSR figure in the peer group comparison is taken as 0% on the linear scaling, and the highest figure as 200%. After assessing the achievement of objectives, this too will be communicated together with the comparable values for the peer group. This ensures comprehensive transparency regarding the financial objectives.

As only one financial indicator each is used in the annual and multi-year bonus, the variable remuneration component is easier to understand. The IFRS consolidated result and TSR on Munich Re's shares in comparison with the peer group are two ambitious and exacting indicators promoting long-term corporate strategy.

Both indicators can be influenced by the Board of Management.

Munich Re's business strategy is geared to profitable growth and successful positioning among our competitors. As an established result aggregate and relevant key figure for the capital market, the IFRS consolidated result takes account of high and stable earnings power in the annual variable remuneration component. The target for the IFRS consolidated result is based on annual planning figures, which in turn reflect Munich Re's business strategy.

Based on its long-term strategic orientation and economic management of the Group, Munich Re is convinced of its ability to sustainably create value for its shareholders in the form of TSR. TSR takes account of dividend payments as well as share price performance. A multi-year component based on an increase in TSR in comparison with our peer group makes up the largest portion of variable remuneration for the Board of Management. From Munich Re's point of view, the relative TSR is well suited for bringing in line the interests of shareholders and of the members of the Board of Management. As TSR is measured over a period of several years, it reflects Munich Re's sustainable and long-term performance not only in absolute terms, but also in relative terms. After all, above-average TSR development in comparison with the peer group is not conceivable in the long term without simultaneously generating good results and creating value for our shareholders. Surpassing the performance of our peer group can be in the interests of shareholders – even in a weak market environment.

As soon as the information on the achievement of objectives is available, as part of the overall performance evaluation the Supervisory Board can take into consideration both in the annual and multi-year bonus the performance of the individual members of the Board of Management and the Board of Management as a whole, along with Munich Re's financial situation, performance and future prospects. This is done by means of a loading or reduction of up to 20 percentage points on the relevant objective achieved.

In evaluating overall performance, in particular financial and non-financial criteria for the individual member's performance and the performance of the respective divisional unit/division and the field of business need to be taken into consideration. Other aspects, such as those relating to periods prior to the appraisal period in question, may also be taken into account. For this purpose, the Supervisory Board has compiled a set of criteria with the following examples of bonus-malus aspects:

Annual and multi-year bonus: Criteria for the evaluation of overall performance¹

Individual management performance	<ul style="list-style-type: none"> - Result of division/divisional unit, contribution to overall performance - Personal performance (qualitative and/or quantitative) - ESG (environmental, social and governance) criteria - Employee satisfaction - Consideration of special market circumstances or unexpected developments - Implementation of strategy, improvements in organisation and processes, innovation - Conduct (leadership, role model function, adherence to guidelines/compliance requirements, cooperation with colleagues and Supervisory Board)
Collective management performance	<ul style="list-style-type: none"> - Result of field of business (reinsurance and/or primary insurance) - ESG (environmental, social and governance) criteria - Employee satisfaction - Reaction to special market circumstances and unforeseeable developments
Financial situation, performance and future prospects of the Company	<ul style="list-style-type: none"> - Financial situation of the Company - Short-term and long-term profit prospects - Market environment (interest rates, situation in the industry, etc.)

¹ Further key aspects may also be taken into consideration.

Transparency is provided with regard to whether and for what reason loadings or reductions were applied and what they amounted to.

The evaluation of overall performance can also take into account factors that influence business development but are not reflected in the IFRS consolidated result and TSR. Therefore, in light of the aim of keeping the remuneration system simple and transparent, no further financial assessment bases are needed.

Targets/Achievement of objective for the annual bonus

The aim of the annual bonus is to achieve a high IFRS consolidated result. The chosen targets are challenging for the members of the Board of Management given the prevailing low-interest-rate policies and fierce competition in the reinsurance markets.

Targets for 2018

A target of €2,300m was set for 2018, with the following linear scaling for the 0-200% target corridor:

€1,600m = 0% achievement of objective
 €2,300m = 100% achievement of objective
 €3,000m = 200% achievement of objective

Achievement of objective in 2018

At its meeting in March 2019, the Supervisory Board will decide about the achievement of objectives in 2018 on the basis of the IFRS consolidated result and taking into account any loadings or reductions as part of the overall performance evaluation. As the editorial deadline for the Annual Report precedes the Supervisory Board meeting, this information could not be included in the remuneration report. However, it will be made available at www.munichre.com/board-of-management/remuneration on 20 March 2019.

Targets for 2019

A target of €2,500m was set for 2019, with the following linear scaling for the 0-200% target corridor:

€1,800m = 0% achievement of objective
 €2,500m = 100% achievement of objective
 €3,200m = 200% achievement of objective

Targets/Achievement of objective for the multi-year bonus

The objective of the multi-year bonus is the sustainable performance of Munich Re's shares in terms of TSR in comparison with the peer group. The companies in the peer group were selected based on comparable business activities and size. Furthermore, they must be listed on the stock exchange and subject to similar accounting standards as Munich Re, which is why the peer group only includes European primary insurance and reinsurance companies. The peer group comprises Allianz, AXA, Generali, Hannover Re, SCOR, Swiss Re and Zurich Insurance Group. It is the same peer group as for the analysts' conference.

The multi-year bonus spans five calendar years. In the first calendar year, the initial TSR is established, and at the end of the scheme, the end TSR is computed and compared in order to determine achievement of the objective. The calculations are based on reporting date figures.

The Supervisory Board set a target corridor of 0-200% with the following linear scaling:

Lowest TSR
 in peer group = 0% achievement of objective
 Highest TSR
 in peer group = 200% achievement of objective

Because the specific figures for assessing the achievement of objectives will not be available until the end of the scheme, they will be published alongside the target assessment.

Deferral

The run-time of the flexible and deferred multi-year bonus takes account of the nature and time horizon of the Company's business activities. The TSR in the multi-year

bonus fully reflects the sustainable and long-term performance of Munich Re's shares, so that a further multi-year deferral period – which in turn is geared to share price performance – is neither expedient nor necessary. In the case of the annual bonus, a deferral period does not offer any significant added value either, as the annual bonus makes up only 15% of overall remuneration.

Limit to variable remuneration (malus) and clawback

Given that the Supervisory Board can take into account a loading or reduction of up to 20 percentage points on both the annual bonus and the multi-year bonus in order to reflect the achievements of the individual members of the Board of Management and the Board of Management as a whole, it has the option of reducing variable remuneration in the case of negative result contributions.

According to the employment contracts for members of the Board of Management appointed for the first time after 1 January 2017, all unpaid variable remuneration components are forfeited in the event of termination of a Board member's contract by the Company for good cause or in the event of relinquishment by a Board member of their appointment to the Board of Management without good cause.

In addition, all employment contracts of the members of the Board of Management provide for the right of the Company to implement any requirements by the supervisory authority to limit, cancel or not pay out variable remuneration in relation to the member of the Board of Management.

Contractual clawback provisions requiring reimbursement of variable remuneration components already paid out are triggered in the event of a serious breach of duty. All employment contracts of the members of the Board of Management include a provision according to which, in particular pursuant to Section 93 of the German Stock Corporation Act (AktG), a member of the Board of Management is required to reimburse the Company for any damage attributable to them as a result of a breach of duty.

The contractual indemnity provision protects the Company; it is designed to safeguard the Company's assets in the event of a serious breach of duty. In the Company's view, an additional clawback provision for bonuses already paid is therefore not required.

Upper remuneration limits

The respective 0–200% target corridor defines an upper limit for variable remuneration paid to members of the Board of Management. Any higher achievement of objectives is capped at 200%; in this case, there is therefore also no loading as a result of the overall performance evaluation. In addition, there are caps on the maximum amounts of total remuneration and its variable components in accordance with the German Corporate Governance Code.

Share ownership of the members of the Board of Management

The current remuneration system does not require members of the Board of Management to invest in Company shares.

The TSR used in the multi-year bonus reflects the performance of Munich Re's shares, which ensures that the interests of the Board of Management are in line with those of our shareholders. From the Company's point of view, the continually increasing requirements in terms of insider trading law regarding the purchase and sale of shares and the rising number of inquiries – also in connection with share-based remuneration components – are compelling reasons to refrain from remuneration based on the obligation to purchase shares. The reputational damage that may ensue for a company is huge (even if the legal proceedings are terminated) and may also have a negative effect on shareholders.

Most of the members of the Board of Management serving in 2018 hold a large number of Company shares. Until 2020 moreover, members of the Board of Management are obliged to continue to invest a portion of their bonus payments from the multi-year performance plans (2016–2018 and 2017–2019) in Company shares.

Share ownership of the members of the Board of Management

Members of the Board of Management	Number of shares on 28.12.2018 ¹	XETRA	Total value of shares on 28.12.2018 ¹	Total value of shares in % of basic remuneration for 2018 ²
		closing price on 28.12.2018 ¹		%
		€	€	%
Joachim Wenning	11,274	190.55	2,148,260.70	97
Thomas Blunck	5,071	190.55	966,279.05	90
Doris Höpke	3,309	190.55	630,529.95	59
Torsten Jeworrek	13,578	190.55	2,587,287.90	167
Hermann Pohlchristoph	223	190.55	42,492.65	4
Markus Rieß ³	2,358	190.55	449,316.90	18
Peter Röder	7,089	190.55	1,350,808.95	126
Jörg Schneider	6,010	190.55	1,145,205.50	74

¹ Last trading day in 2018.

² Despite the number of shares being predominantly up on 2017's figure, the overall value of the shares in relation to basic remuneration declined because the share of basic remuneration in the target overall direct remuneration was increased from 30% to 50% in 2018.

³ As regards the overall value of the shares in relation to basic remuneration, the basic remuneration that Markus Rieß received for his work at ERGO Group AG was also taken into consideration.

Other

Continued payment of remuneration in the case of incapacity to work

In the case of temporary incapacity to work due to illness or for another cause beyond the Board member's control, the remuneration is paid until the end of the contract of employment. The Company may terminate the contract prematurely if Board members are incapacitated for a period of longer than 12 months and it is probable that they will be permanently unable to fully perform the duties conferred on them (permanent incapacity to work). In this event, the Board member will receive a disability pension.

No guaranteed variable remuneration (sign-on bonuses/recruitment bonuses)

As a matter of principle, the Company does not pay guaranteed variable remuneration to members of the Board of Management. We only pay sign-on/recruitment bonuses in exceptional cases and on production of corresponding evidence if a new member of the Board of Management forfeits a bonus by a previous employer. Compensation for forfeiting variable remuneration components paid by a previous employer is paid in several instalments and is tied to prerequisites for disbursement.

Severance cap and change of control

Members of the Board of Management appointed before 1 January 2017 have no contractual right to severance payments. If the Board member's activities on the Board are terminated prematurely by the Company without good cause, payments due may not exceed the equivalent of two years' total remuneration (three years' total remuneration in the event of acquisition of a controlling interest or change of control within the meaning of Section 29(2) of the Securities Acquisition and Takeover Act - WpÜG) and may not cover more than the remaining period of the employment contract if this is shorter. If the employment contract is terminated for good cause on grounds that are within the Board member's control, no payments are made to the Board member. The calculation is based on the overall remuneration for the past financial year and, if necessary, on the probable overall remuneration for the current financial year.

Members of the Board of Management appointed for the first time after 1 January 2017 whose contracts are terminated by the Company without good cause have a contractual right to a severance payment. Such payments may not exceed the equivalent of two years' total remuneration, and are restricted by the remaining term of the Board member's contract if this term is shorter. Annual remuneration is calculated on the basis of fixed annual remuneration and variable remuneration paid out for the prior full financial year before the contract was terminated; remuneration in kind, other fringe benefits and contributions to occupational retirement schemes are not taken into account. Payments received by a Board member during a period of notice after termination of the appointment are offset against any severance payment. There will be no right to severance payments in the event of extraordinary termination of the Board member's contract by the Company for good cause.

As a matter of principle, the Company ensures that severance payments are related to performance achieved over the whole period of activity.

Stock option plans

No stock option plans or similar incentive schemes are in place for the Board of Management.

Remuneration for other board memberships

In the case of seats held on other boards, remuneration for board memberships must be paid over to the Company. Exempted from this is remuneration for memberships explicitly classified by the Supervisory Board as private.

External consultants

Munich Re does not use the services of external consultants to draft or implement remuneration systems for the Board of Management.

Pensions

Up to and including 2008, the members of the Board of Management were members of a defined benefit plan, providing for payment of a fixed pension amount.

As of 2009, newly appointed members of the Board have become members of a defined contribution plan. For this plan, the Company provides a pension contribution for each calendar year (contribution year) during the term of the employment contract. It uniformly amounts to 25.5% of the target overall direct remuneration (= basic remuneration + variable remuneration on the basis of 100% achievement of objectives). The amount of the pension contribution takes into consideration the peer group (including DAX 30 companies) and the pension contributions for the employee groups below the level of the Board of Management. The pension contributions for the members of the Board of Management are paid over to an external pension insurer. The insurance benefits that result from the contribution payments constitute the Company's pension commitment to the Board member.

Board members appointed before 2009 were transferred to the new system. They kept their pension entitlement from the defined benefit plan (fixed amount in euros) existing at the date of transfer, which was maintained as a vested pension.

For their service years as of 1 January 2009, they receive an incremental pension benefit based on the defined contribution plan.

The Supervisory Board determines the relevant target pension level for pension commitments from defined benefit plans and defined contribution plans – also considering length of service on the Board – and takes account of the resultant annual and long-term cost for the Company.

The members of the Board of Management are also members of the Munich Re pension scheme, which is a defined contribution plan.

Benefits on termination of employment

Board members appointed before 2006 who are entitled to an occupational pension, disability pension, or reduced occupational pension on early retirement receive a pension in the amount of their previous monthly basic remuneration for a period of six months after retiring or leaving the Company.

Occupational pension

Board members appointed for the first time before 1 April 2012 are entitled to an occupational pension on retiring from active service with the Company after reaching the age of 60. Board members appointed for the first time as from 1 April 2012 are entitled to an occupational pension on retiring from active service with the Company after reaching the age of 62. All members of the Board of Management must retire from active service no later than at the end of the calendar year in which they turn 67.

Benefit:

- In the case of defined contribution plans: Annuity based on the policy reserve or payment of the policy reserve as a lump sum.
- In the case of a combination of defined benefit plans and defined contribution plans: Vested pension from the defined benefit plan and annuity from the policy reserve under the defined contribution plan or payment of a lump sum.

Disability pension

Disability in this respect means that the member of the Board of Management is likely to be unable, or has already been unable, to exercise his or her position for six months without interruption, as a result of illness, injury, or infirmity beyond what is normal for his or her age. The entitlement to a disability pension does not arise until expiry of remuneration payment obligations or continuation of remuneration payment obligations after a mutual agreement to terminate the employment contract, as a result of non-extension or revocation of their appointment to the Board or where the contract of employment has been terminated by the Company due to permanent incapacity.

Benefit:

- In the case of defined contribution plans: 80% of the insured occupational pension up to the age of 59 or 61, with subsequent occupational pension.
- In the case of a combination of defined benefit plans and defined contribution plans: Vested pension from the defined benefit plan and 80% of the insured occupational pension benefit up to age 59, with subsequent occupational pension based on the defined contribution plan.

Reduced occupational pension on early retirement

Board members appointed before 1 January 2017 are entitled to a reduced occupational pension on early retirement if the contract of employment is terminated as a result of

non-extension or revocation of their appointment without the Board members having given cause for this through a gross violation of their duties or having requested it. This applies where the Board members have already passed the age of 50, have been in the employment of the Company for more than ten years when the contract terminates, and have had their appointment to the Board of Management extended at least once.

Benefit:

- In the case of defined contribution plans: Annuity based on the policy reserve or payment of the policy reserve as a lump sum at the date the pension benefit is claimed.
- In the case of a combination of defined benefit plans and defined contribution plans: Entitlement of between 30% and 60% of pensionable basic remuneration, reduced by 2% for each year or part thereof short of the Board member's 65th birthday; the Company assumes payment of the difference between the monthly occupational pension and the monthly incremental pension from the external insurance.

Members of the Board of Management appointed for the first time after 1 January 2017 do not have any entitlement to a reduced occupational pension on early retirement.

Vested benefits for occupational pension, disability pension and surviving dependants

Vested benefits are paid upon the Board member reaching the age of 60 or 62, in the case of disability, or in the event of the Board member's death.

Vested benefits under the German Company Pension Act (BetrAVG):

Board members are entitled to vested benefits under the German Company Pension Act if they leave the Company before reaching the age of 60 or 62 and the pension commitment has existed for at least three years (previously five years) at the time of departure.

Benefit:

- In the case of defined contribution plans: Annuity based on the policy reserve or payment of the policy reserve as a lump sum at the date the insured event occurs.
- In the case of a combination of defined benefit plans and defined contribution plans: The entitlement under the vested pension is a proportion of the vested pension based on the ratio of actual service with the Company to the period the Board member would have worked for the Company altogether up to the fixed retirement age (m/n-tel process, Section 2(1) of the Company Pension Act). The entitlement from the incremental pension comprises the pension benefits fully financed under the insurance contract up to the occurrence of the insured event based on the pension contributions made up to the date of leaving the Company – (Section 2(5a) of the Company Pension Act). This entitlement is paid out as an annuity or a lump sum.

Provision for surviving dependants

In the event of the death of a Board member during active service, the surviving dependants continue to receive the previous monthly basic remuneration for a period of six months if the deceased was appointed to the Board of Management before 2006. In the case of Board members appointed for the first time as from 2006 and until 2018, the previous monthly basic remuneration is paid to the beneficiaries for a period of three months. If the Board member's death occurs after retirement, the surviving dependants of members of the Board of Management that were appointed for the first time before 2018 receive the previous monthly occupational pension for a period of three months, provided the marriage/registration of the civil partnership took place and/or the child was born before the Board member started drawing the occupational pension.

Surviving spouses and registered civil partners normally receive a pension amounting to 60% of the defined benefit or insured occupational pension; single orphans receive 20% and double orphans 40%. The total amount may not exceed the occupational pension of the Board member. If the Board member's occupational pension was reduced owing to early retirement, benefits for surviving dependants are based on the reduced occupational pension.

Total remuneration of the Board of Management

Amount of remuneration

The level of the target overall direct remuneration for the individual members of the Board of Management is set by the full Supervisory Board, acting on recommendations from the Supervisory Board's Remuneration Committee, and taking into account the responsibilities and performance of each member of the Board of Management, the performance of the full Board of Management and the situation, performance and future prospects of Munich Re. It takes into consideration whether the remuneration is standard practice and appropriate compared with other companies of the peer group (including DAX 30 companies). The target overall direct remuneration for the Chairman of the Board of Management is based on the median remuneration paid to the chairs of the boards of management of DAX 30 companies. In addition, the Supervisory Board takes into account the level of the salaries paid to the Board of Management in relation to the level of salaries paid to senior managers and to general staff members over time.

Pay ratios

In the reporting year, the ratio of the target overall direct remuneration of the Chairman of the Board of Management to the average target overall direct remuneration of all Company employees (excluding the Board of Management) was 38. The ratio of the average target overall direct remuneration of all members of the Board of Management to the average target overall direct remuneration of all employees (excluding the Board of Management) was 24.

Disclosure of Board of Management remuneration

Board of Management remuneration is disclosed under two different sets of rules, namely German Accounting Standard No. 17 (DRS 17, revised 2010) and the German Corporate Governance Code. There are therefore deviations in individual remuneration components and total remuneration.

Board of Management remuneration under DRS 17

Under DRS 17, remuneration for the 2018 annual bonus is shown as the provisions set aside for that purpose taking into account the relevant additional/reduced expenditure for the previous year, since the performance on which the remuneration is based has been completed as at the balance sheet date and the requisite Board resolution is already foreseeable. Under DRS 17, remuneration for multi-year performance 2015–2017 is recognised in the year of payment, i.e. in 2018.

Fixed and variable remuneration components

The serving members of Munich Reinsurance Company's Board of Management in 2018 received remuneration totalling €20.5m (15.4m) for fulfilment of their duties in respect of the parent company and its subsidiaries in the financial year. Remuneration therefore increased by around €5.1m year on year, mainly because of a shift caused by the new remuneration system introduced in 2018. The increase in the fixed component under the new system is apparent in 2018, whereas the decrease in the variable component of the same amount will only become fully evident once the multi-year bonus granted from 2018 is paid out for the first time. Total remuneration received by the individual members of the Board of Management is shown in the table below.

Remuneration of individual Board members as per DRS 17 (revised 2010)
(in accordance with Section 285 sentence 1 (9a) sentences 5–8 of the German Commercial Code (HGB) and Section 314(1) (6a) sentences 5–8 HGB)

Name	Financial year	Basic remuneration	Remuneration in kind/fringe benefits	Annual bonus (from 2018)	Multi-year performance ^{2, 3}	Other	Total
				Annual performance (until 2017) ¹			
		€	€	€	€	€	€
Joachim Wenning (Chairman of the Board of Management since 27 April 2017)	2018	2,225,000	39,201	692,736	646,800		3,603,737
	2017	1,045,000	128,254	339,533	872,200		2,384,987
Thomas Blunck	2018	1,075,000	33,797	367,717	637,000		2,113,514
	2017	615,000	31,466	294,290	872,200		1,812,956
Doris Höpke	2018	1,075,000	32,273	260,092	493,675		1,861,040
	2017	615,000	32,105	276,203	366,275		1,289,583
Torsten Jeworrek	2018	1,550,000	37,021	483,570	937,860		3,008,451
	2017	885,000	36,179	323,627	1,264,690		2,509,496
Hermann Pohlchristoph (since 27 April 2017)	2018	1,012,500	49,237	319,028			1,380,765
	2017	410,000	29,940	138,332			578,272
Markus Rieß ⁴ Thereof for Munich Reinsurance Company	2018	2,462,500	120,626	328,480	471,089		3,382,695
		637,500	47,250	202,500	165,926		1,053,176
	2017	976,250	140,167	615,614		750,000	2,482,031
Thereof for Munich Reinsurance Company		337,500	49,342	180,023		750,000	1,316,865
Peter Röder	2018	1,075,000	31,713	326,820	637,000		2,070,533
	2017	615,000	30,278	218,522	872,200		1,736,000
Jörg Schneider (until 31 December 2018)	2018	1,550,000	37,719	477,994	1,051,540		3,117,253
	2017	885,000	41,782	401,251	1,250,480		2,578,513
Total⁵	2018	12,025,000	381,586	3,256,437	4,874,964	0	20,537,988
	2017	6,046,250	470,171	2,607,372	5,498,045	750,000	15,371,838

1 At the time of preparation of this report, no Supervisory Board resolution had yet been passed on the amounts to be paid for the 2018 annual bonus. The amounts shown for the annual bonus are based on estimates, i.e. the relevant provisions and the additional/reduced expenditure for the 2017 annual performance. The amounts shown for the 2017 annual performance comprise the respective provision for 2017 and the relevant additional/reduced expenditure for 2016. The actual bonus payments for 2017 can be seen in the remuneration tables "Remuneration paid in accordance with the German Corporate Governance Code" on page 42 ff.

2 The multi-year performance component paid annually until 2017 is geared to the success of the fields of business and personal performance of the members of the Board of Management, for which three-year objectives were agreed. In addition, the Supervisory Board assesses the overall performance of the Board of Management as a whole and the individual Board members, and it also takes into account developments during the appraisal period that are beyond the influence of the Board. Payment is effected in the fourth year, with 25% of the net payout amount to be invested in Munich Reinsurance Company shares that must be held for at least a two-year period.

3 The amounts paid out in 2018 were for multi-year performance 2015–2017, those paid out in 2017 were for 2014–2016.

4 The compensation components that Markus Rieß received for his work at ERGO Group AG are included in the remuneration.

Other: Compensation, paid in four equal instalments, for the forfeited variable remuneration from the previous employer.

5 The higher basic remuneration compared with the previous year is due to an increase in the fixed component of target overall direct remuneration from 30% to 50% as of 2018, and to a general upward remuneration adjustment.

The variable remuneration amounts payable are listed in the table below.

Amounts payable for variable remuneration of the individual Board members in the event of 100% performance evaluation as per DRS 17 (revised 2010), corridor 0-200%

Name			Annual bonus ^{1, 3}	Multi-year bonus ^{2, 3}	Total amounts payable
	Set in	for	€	€	€
Joachim Wenning	2018	2019	667,500	1,557,500	2,225,000
	2017	2018	667,500	1,557,500	2,225,000
Thomas Blunck	2018	2019	322,500	752,500	1,075,000
	2017	2018	322,500	752,500	1,075,000
Doris Höpke	2018	2019	322,500	752,500	1,075,000
	2017	2018	322,500	752,500	1,075,000
Torsten Jeworrek	2018	2019	465,000	1,085,000	1,550,000
	2017	2018	465,000	1,085,000	1,550,000
Hermann Pohlchristoph	2018	2019	322,500	752,500	1,075,000
	2017	2018	303,750	708,750	1,012,500
Markus Rieß ⁴	2018	2019	127,500	297,500	425,000
	2017	2018	191,250	446,250	637,500
Peter Röder	2018	2019	322,500	752,500	1,075,000
	2017	2018	322,500	752,500	1,075,000
Jörg Schneider (until 31 December 2018)	2018	2019			
	2017	2018	465,000	1,085,000	1,550,000
Total	2018	2019	2,550,000	5,950,000	8,500,000
	2017	2018	3,060,000	7,140,000	10,200,000

1 The remuneration set for the annual bonus for 2018 is payable in 2019, that for 2019 in 2020.

2 The remuneration set for the multi-year bonus for 2018 is payable in 2022, that for 2019 in 2023.

3 Information on the assessment bases and targets for the amounts set for 2018 and 2019 is provided on page 29 ff.

4 The ERGO Group AG remuneration system does not provide for a variable component. Markus Rieß thus only receives variable target amounts from Munich Reinsurance Company.

Penstion entitlements

Personnel expenses of €5.7m (5.2m) were incurred in the financial year to finance the pension entitlements for serving members of the Board of Management in 2018. Of these, €0.8m was apportionable to defined benefit plans and around €4.9m to defined contribution plans. As a consequence of the risk transfer to an external pension ↗

insurer under the defined contribution system, the visible pension costs since 2009 are noticeably higher. The Company accepts this increase in order to avoid higher costs in future and to eliminate long-term pension-specific risks. The following defined benefits, present values, contribution rates and personnel expenses result for the individual members of the Board of Management:

Pension entitlements

Name	Financial year	Defined benefit plan		
		Defined benefit ¹ €/year	Present value of defined benefit as at 31 December €	Provisions for personnel expenses ² €
Joachim Wenning ^{3, 4}	2018	-	16,424	1,698
	2017	-	16,414	1,164
Thomas Blunck ^{3, 4}	2018	120,000	3,693,367	189,535
	2017	120,000	3,581,907	178,062
Doris Höpke ^{3, 4}	2018	-	10,625	574
	2017	-	10,664	507
Torsten Jeworrek ^{3, 5}	2018	171,000	6,437,429	225,482
	2017	171,000	6,303,340	212,254
Hermann Pohlchristoph ^{3, 6}	2018	-	5,761	345
	2017	-	5,740	628
Markus Rieß ^{3, 7} Thereof for Munich Reinsurance Company	2018	-	37,192	18,271
		-	37,192	18,271
	2017	-	42,116	10,944
Peter Röder ^{3, 5} Thereof for Munich Reinsurance Company	2018	-	42,116	10,944
	2017	-	42,116	10,944
Peter Röder ^{3, 5}	2018	90,000	3,164,789	107,050
	2017	90,000	3,082,126	112,941
Jörg Schneider ⁸ (until 31 December 2018)	2018	275,000	11,401,547	278,559
	2017	275,000	11,170,862	356,081
Total	2018	656,000	24,767,134	821,514
	2017	656,000	24,213,169	872,581

See table on next page for footnotes

Pension entitlements

Name	Financial year	Pension contribution rate for target overall direct remuneration %	Defined contribution plan		
			Entitlement as at 31 December	Present value of entitlement as at 31 December	Personnel expenses
			€ / year	€	€
Joachim Wenning ^{3, 4}	2018	25.50	201,663	- ⁹	1,134,750
	2017	25.50	162,812	- ⁹	888,250
Thomas Blunck ^{3, 4}	2018	16.25	137,577	5,718,540	349,375
	2017	16.25	123,421	4,974,648	333,125
Doris Höpke ^{3, 4}	2018	25.50	76,800	- ⁹	548,250
	2017	25.50	58,488	- ⁹	522,750
Torsten Jeworrek ^{3, 5}	2018	19.50	229,892	9,874,883	604,500
	2017	19.50	206,002	8,537,140	575,250
Hermann Pohlchristoph ^{3, 6}	2018	25.50	21,356	- ⁹	516,375
	2017	25.50	8,269	- ⁹	324,700
Markus Rieß ^{3, 7} Thereof for Munich Reinsurance Company	2018	25.19	70,802	1,207,233 ¹⁰	781,375
			27,380	- ⁹	325,125
	2017	25.19	48,557	883,284 ¹⁰	743,125
Thereof for Munich Reinsurance Company			18,382	- ⁹	286,875
Peter Röder ^{3, 5}	2018	20.25	160,141	6,739,628	435,375
	2017	20.25	143,058	5,781,036	415,125
Jörg Schneider ⁸ (until 31 December 2018)	2018	16.50	207,464	8,186,476	511,500
	2017	16.50	170,676	7,251,118	486,750
Total	2018		1,105,695	31,726,760	4,881,500
	2017		921,283	27,427,226	4,289,075

1 In the case of Board members transferred from the old system to the new, the amount corresponds to the value of the annual vested pension at 31 December 2008.

2 Expenses for defined benefit plan, including provision for continued payment of salary for surviving dependants.

3 Entitled to occupational pension in the event of termination of employment owing to incapacity to work.

4 Entitled to a reduced occupational pension on early retirement in the event of premature or regular termination of employment.

5 Entitled to a reduced occupational pension on early retirement in the event of premature termination of employment, and to an occupational pension in the event of regular termination of employment.

6 Entitled to vested benefits under the Company Pension Act in the event of premature or regular termination of employment.

7 Entitled to vested benefits under the Company Pension Act in the event of regular termination of employment.

8 Left the Board as at 31 December 2018; has received a pension since 1 January 2019.

9 Defined contribution plan within the meaning of IAS 19: Employee Benefits, so no present value shown.

10 Munich Reinsurance Company: see footnote 9; ERGO Group AG: no Defined Contribution Plan within the meaning of IAS 19, so present value shown.

Board of Management remuneration under the German Corporate Governance Code

As required by the provisions of the German Corporate Governance Code, the following tables show the benefits granted and remuneration paid out to individual members of the Board of Management in the year under review.

The basic remuneration, remuneration in kind/fringe benefits and pension expenses (sum of personnel expenses for defined benefit plans and defined contribution plans) are in accordance with German Accounting Standard No. 17 (DRS 17). There are some deviations with regard to the variable annual and multi-year remuneration components.

The following tables show the benefits granted and the remuneration paid out in accordance with the German Corporate Governance Code:

Benefits granted in accordance with the German Corporate Governance Code

€	Joachim Wenning Board member (until 26 April 2017) Chairman of the Board of Management (since 27 April 2017)				Thomas Blunck Board member			
	2018	2018 (min.)	2018 (max.)	2017	2018	2018 (min.)	2018 (max.)	2017
Basic remuneration	2,225,000	2,225,000	2,225,000	1,045,000	1,075,000	1,075,000	1,075,000	615,000
Remuneration in kind/fringe benefits	39,201	39,201	39,201	128,254	33,797	33,797	33,797	31,466
Total	2,264,201	2,264,201	2,264,201	1,173,254	1,108,797	1,108,797	1,108,797	646,466
One-year variable remuneration								
Annual performance 2017				882,000				430,500
Annual bonus 2018	667,500	0	1,335,000		322,500	0	645,000	
Multi-year variable remuneration								
Multi-year performance 2017-2019 ¹				2,058,000				1,004,500
Multi-year bonus 2018	1,557,500	0	3,115,000		752,500	0	1,505,000	
Other								
Total	4,489,201	2,264,201	6,714,201	4,113,254	2,183,797	1,108,797	3,258,797	2,081,466
Pension expenses	1,136,448	1,136,448	1,136,448	889,414	538,910	538,910	538,910	511,187
Total remuneration	5,625,649	3,400,649	7,850,649	5,002,668	2,722,707	1,647,707	3,797,707	2,592,653

€	Doris Höpke Board member				Torsten Jeworrek Board member			
	2018	2018 (min.)	2018 (max.)	2017	2018	2018 (min.)	2018 (max.)	2017
Basic remuneration	1,075,000	1,075,000	1,075,000	615,000	1,550,000	1,550,000	1,550,000	885,000
Remuneration in kind/fringe benefits	32,273	32,273	32,273	32,105	37,021	37,021	37,021	36,179
Total	1,107,273	1,107,273	1,107,273	647,105	1,587,021	1,587,021	1,587,021	921,179
One-year variable remuneration								
Annual performance 2017				430,500				619,500
Annual bonus 2018	322,500	0	645,000		465,000	0	930,000	
Multi-year variable remuneration								
Multi-year performance 2017-2019 ¹				1,004,500				1,445,500
Multi-year bonus 2018	752,500	0	1,505,000		1,085,000	0	2,170,000	
Other								
Total	2,182,273	1,107,273	3,257,273	2,082,105	3,137,021	1,587,021	4,687,021	2,986,179
Pension expenses	548,824	548,824	548,824	523,257	829,982	829,982	829,982	787,504
Total remuneration	2,731,097	1,656,097	3,806,097	2,605,362	3,967,003	2,417,003	5,517,003	3,773,683

€	Hermann Pohlchristoph Board member (since 27 April 2017)			
	2018	2018 (min.)	2018 (max.)	2017
Basic remuneration	1,012,500	1,012,500	1,012,500	410,000
Remuneration in kind/fringe benefits	49,237	49,237	49,237	29,940
Total	1,061,737	1,061,737	1,061,737	439,940
One-year variable remuneration				
Annual performance 2017				259,000
Annual bonus 2018	303,750	0	607,500	
Multi-year variable remuneration				
Multi-year performance 2017-2019 ¹				604,333
Multi-year bonus 2018	708,750	0	1,417,500	
Other				
Total	2,074,237	1,061,737	3,086,737	1,303,273
Pension expenses	516,720	516,720	516,720	325,328
Total remuneration	2,590,957	1,578,457	3,603,457	1,628,601

Continued on next page

→	Markus Rieß Board member thereof for Munich Reinsurance Company							
	2018	2018 (min.)	2018 (max.)	Total ² 2017	2018	2018 (min.)	2018 (max.)	2017
€								
Basic remuneration	2,462,500	2,462,500	2,462,500	976,250	637,500	637,500	637,500	337,500
Remuneration in kind/fringe benefits	120,626	120,626	120,626	140,167	47,250	47,250	47,250	49,342
Total	2,583,126	2,583,126	2,583,126	1,116,417	684,750	684,750	684,750	386,842
One-year variable remuneration								
Annual performance 2017				592,125				236,250
Annual bonus 2018	191,250	0	382,500		191,250	0	382,500	
Multi-year variable remuneration								
Multi-year performance 2017-2019 ¹				1,381,625				551,250
Multi-year bonus 2018	446,250	0	892,500		446,250	0	892,500	
Other ³				750,000				750,000
Total	3,220,626	2,583,126	3,858,126	3,840,167	1,322,250	684,750	1,959,750	1,924,342
Pension expenses	799,646	799,646	799,646	754,069	343,396	343,396	343,396	297,819
Total remuneration	4,020,272	3,382,772	4,657,772	4,594,236	1,665,646	1,028,146	2,303,146	2,222,161

→	Peter Röder Board member				Jörg Schneider Board member (leaving date: 31 December 2018)			
	2018	2018 (min.)	2018 (max.)	2017	2018	2018 (min.)	2018 (max.)	2017
€								
Basic remuneration	1,075,000	1,075,000	1,075,000	615,000	1,550,000	1,550,000	1,550,000	885,000
Remuneration in kind/fringe benefits	31,713	31,713	31,713	30,278	37,719	37,719	37,719	41,782
Total	1,106,713	1,106,713	1,106,713	645,278	1,587,719	1,587,719	1,587,719	926,782
One-year variable remuneration								
Annual performance 2017				430,500				619,500
Annual bonus 2018	322,500	0	645,000		465,000	0	930,000	
Multi-year variable remuneration								
Multi-year performance 2017-2019 ¹				1,004,500				1,445,500
Multi-year bonus 2018	752,500	0	1,505,000		1,085,000	0	2,170,000	
Other								
Total	2,181,713	1,106,713	3,256,713	2,080,278	3,137,719	1,587,719	4,687,719	2,991,782
Pension expenses	542,425	542,425	542,425	528,066	790,059	790,059	790,059	842,831
Total remuneration	2,724,138	1,649,138	3,799,138	2,608,344	3,927,778	2,377,778	5,477,778	3,834,613

- 1 The multi-year performance component paid annually until 2017 is geared to the success of the fields of business and personal performance of the members of the Board of Management, for which three-year objectives were agreed. In addition, the Supervisory Board assesses the overall performance of the Board of Management as a whole and the individual Board members, and it also takes into account developments during the appraisal period that are beyond the influence of the Board. Payment is effected in the fourth year, with 25% of the net payout amount to be invested in Munich Reinsurance Company shares that must be held for at least a two-year period.
- 2 Rieß: Remuneration also includes compensation components and pension expenses for work at ERGO Group AG.
- 3 Rieß: Compensation, paid in four equal instalments, for the forfeited variable remuneration from the previous employer.

Remuneration paid in accordance with the German Corporate Governance Code

€	Joachim Wenning Board member (until 26 April 2017) Chairman of the Board of Management (since 27 April 2017)			Thomas Blunck Board member		
	2018	2017	Overall performance evaluation in %	2018	2017	Overall performance evaluation in %
Basic remuneration	2,225,000	1,045,000		1,075,000	615,000	
Remuneration in kind/fringe benefits	39,201	128,254		33,797	31,466	
Total	2,264,201	1,173,254		1,108,797	646,466	
One-year variable remuneration						
Annual performance 2017 ¹		416,955	57		378,840	88
Annual bonus 2018 ²	640,800		96	309,600		96
Multi-year variable remuneration						
Multi-year performance 2015-2017 ^{1, 3}		646,800	66		637,000	65
Multi-year performance 2016-2018 ^{3, 4}	763,420		76	763,420		76
Other						
Total	3,668,421	2,237,009		2,181,817	1,662,306	
Pension expenses	1,136,448	889,414		538,910	511,187	
Total remuneration	4,804,869	3,126,423		2,720,727	2,173,493	

€	Doris Höpke Board member			Torsten Jeworrek Board member		
	2018	2017	Overall performance evaluation in %	2018	2017	Overall performance evaluation in %
Basic remuneration	1,075,000	615,000		1,550,000	885,000	
Remuneration in kind/fringe benefits	32,273	32,105		37,021	36,179	
Total	1,107,273	647,105		1,587,021	921,179	
One-year variable remuneration						
Annual performance 2017 ¹		292,740	68		371,700	60
Annual bonus 2018 ²	309,600		96	446,400		96
Multi-year variable remuneration						
Multi-year performance 2015-2017 ^{1, 3}		493,675	62		937,860	66
Multi-year performance 2016-2018 ^{3, 4}	756,928		84	1,098,580		76
Other						
Total	2,173,801	1,433,520		3,132,001	2,230,739	
Pension expenses	548,824	523,257		829,982	787,504	
Total remuneration	2,722,625	1,956,777		3,961,983	3,018,243	

See table on next page for footnotes

		Hermann Pohlchristoph		
		Board member (joined: 27 April 2017)		
		Overall performance evaluation in %		
€		2018	2017	
Basic remuneration		1,012,500	410,000	
Remuneration in kind/fringe benefits		49,237	29,940	
Total		1,061,737	439,940	
One-year variable remuneration				
Annual performance 2017 ¹			165,760	64
Annual bonus 2018 ²		291,600		96
Multi-year variable remuneration				
Multi-year performance 2015-2017 ^{1, 3}			-	
Multi-year performance 2016-2018 ^{3, 4}		-		
Other				
Total		1,353,337	605,700	
Pension expenses		516,720	325,328	
Total remuneration		1,870,057	931,028	

		Markus Rieß				
		Board member				
		Overall performance evaluation in %				
€		Total ⁵		thereof for Munich Reinsurance Company		
		2018	2017	2018	2017	
Basic remuneration		2,462,500	976,250	637,500	337,500	
Remuneration in kind/fringe benefits		120,626	140,167	47,250	49,342	
Total		2,583,126	1,116,417	684,750	386,842	
One-year variable remuneration						
Annual performance 2017 ¹			642,505		160,650	68
Annual bonus 2018 ²		183,600		183,600		96
Multi-year variable remuneration						
Multi-year performance 2015-2017 ^{1, 3}			471,089		165,926	108
Multi-year performance 2016-2018 ^{3, 4}		1,381,625		551,250		100
Other ⁶			750,000		750,000	
Total		4,148,351	2,980,011	1,419,600	1,463,418	
Pension expenses		799,646	754,069	343,396	297,819	
Total remuneration		4,947,997	3,734,080	1,762,996	1,761,237	

See table on next page for footnotes

→	Peter Röder			Jörg Schneider		
	Board member			Board member (leaving date: 31 December 2018)		
€	2018	2017	Overall performance evaluation in %	2018	2017	Overall performance evaluation in %
Basic remuneration	1,075,000	615,000		1,550,000	885,000	
Remuneration in kind/fringe benefits	31,713	30,278		37,719	41,782	
Total	1,106,713	645,278		1,587,719	926,782	
One-year variable remuneration						
Annual performance 2017 ¹		215,250	50		402,675	65
Annual bonus 2018 ²	309,600		96	446,400		96
Multi-year variable remuneration						
Multi-year performance 2015-2017 ^{1, 3}		637,000	65		1,051,540	74
Multi-year performance 2016-2018 ^{3, 4}	763,420		76	1,190,369		82
Other						
Total	2,179,733	1,497,528		3,224,488	2,380,997	
Pension expenses	542,425	528,066		790,059	842,831	
Total remuneration	2,722,158	2,025,594		4,014,547	3,223,828	

- 1 In the 2017 Annual Report, the amounts to be paid for the 2017 annual performance and multi-year performance 2015-2017 were recognised on the basis of the reserves, as no Supervisory Board resolution had yet been passed on the actual bonus amounts to be paid. The Annual Report for 2018 shows the actual amounts set by the Supervisory Board and to be paid out for 2017.
- 2 At the time of preparation of this report, no Supervisory Board resolution had yet been passed on the amounts to be paid for the 2018 annual bonus, the amount shown is based on estimates and the relevant provisions posted.
- 3 The multi-year performance component paid annually until 2017 is geared to the success of the fields of business and personal performance of the members of the Board of Management, for which three-year objectives were agreed. In addition, the Supervisory Board assesses the overall performance of the Board of Management as a whole and the individual Board members, and it also takes into account developments during the appraisal period that are beyond the influence of the Board. Payment is effected in the fourth year, with 25% of the net payout amount to be invested in Munich Reinsurance Company shares that must be held for at least a two-year period.
- 4 At the time of preparation of this report, no Supervisory Board resolution had yet been passed on the amounts to be paid for the 2016-2018 multi-year performance, the amount shown is based on estimates and the relevant provisions posted.
- 5 Rieß: Remuneration also includes compensation components and pension expenses for work at ERGO Group AG.
- 6 Rieß: Compensation, paid in four equal instalments, for the forfeited variable remuneration from the previous employer.

As an addendum to page 31 of the annual report:

Board of Management annual bonus – Achievement of objective in 2018

At its meeting on 19 March 2019, Munich Reinsurance Company's Supervisory Board passed a resolution on the 2018 annual bonus. An IFRS consolidated result of €2,275m was achieved in 2018; this constitutes 96% of the objective according to the established linear scaling. After evaluating the overall performance, the Supervisory Board decided, based on the pre-defined criteria, to undertake no loading or reduction of this amount.