

Annual General Meeting on 25 April 2013

**Countermotions**

Status: 10 April 2013

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Shareholders have sent us countermotions, which we publish below.

You can support these countermotions by voting NO on the relevant agenda item, i.e. against the proposal of the Supervisory Board and Board of Management.

The texts of these countermotions have been translated from the German originals for the convenience of English-speaking readers. The German texts shall be authoritative and final for the purposes of interpretation.

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## Münchener Rückversicherungs-Gesellschaft

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Counter-motion to **agenda items 5 and 7**  
from Mr. Otto Schwarzmann, Nürnberg:

“Counter-motion:

Re motion 5: Remuneration system for the Board of Management, but without the Company paying the members' income tax; the income tax due should be borne by the members of the Board of Management.

Re motion 7: The increases in remuneration for the members of the Board of Management are excessive and inappropriate – the basis for increasing the remuneration paid to Supervisory Board members should be the same as for salary increases afforded to staff members.”

Counter-motion to **agenda item 7**  
from Mr. and Mrs. Parkins, Grünwald:

Leif Taylor Parkins, represented by Mr. and Mrs. Ed. and Heike Taylor Parkins

“Counter-motion to agenda item 7 "Remuneration of the Supervisory Board"

In switching from a combination of fixed and variable remuneration for the members of the Supervisory Board to a purely fixed remuneration system, the increase in remuneration should not exceed 30% of the fixed remuneration paid hitherto.

Reasoning:

Variable remuneration is measurable and result-dependent. Purely fixed remuneration is independent of the result. No malus clause is provided for misconduct. Moreover, the amount of remuneration does not correspond to general practice.

The remuneration paid to members of the Supervisory Board was originally designed as compensation for their time and not as a second or third income.

Supervisory Board members also receive income from their primary professional activity.”

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Countermotion to **agenda item 3**  
from **Hanswolfram Dann**, München:

### “Agenda item 3: Approval of Board of Management’s actions

**I propose that the approval not be granted for Dr. von Bomhard’s actions.**

#### **Reasoning:**

On behalf of Munich Re, Dr. von Bomhard holds a seat on the Supervisory Board of Commerzbank AG. On account of this seat, Dr. von Bomhard can no longer take a neutral approach in credit risk assessments relating to loans to the Commerzbank Group.

In its portfolio of credit risks, Munich Re has placed a large volume of securities, loans and bank deposits with the Commerzbank Group. On top of that come MEAG’s derivative business relations and asset allocations.

For years now, Commerzbank AG has denied holders of Commerzbank company pensions the statutory adjustment for inflation (provided for in the German Act to Modernise Accounting Law [BilMoG], etc.). In today’s financial jargon, this would be called a haircut or a bail-in of small savers. Additionally, this applies only to small pensions; board members’ pensions are excluded from the haircut by an individual arrangement. In Cyprus, it was the other way around.

The direct company pension commitments represent pension capital provided by deferred compensation from employees while in active employment, which are to be saved by the employer on a trustee basis and are intended to supplement old-age pensions when beneficiaries become eligible. (In principle, this is like the pension insurance offered by a Munich Re subsidiary.)

In an extreme scenario, the haircut amounts to 15% in lost lifetime interest for the pensioners first affected. The average pension is approximately €400 per month, meaning that in an individual case around €20 per month every three years is at stake here. Pensions of less than €50 a month are not unusual, especially for female employees or surviving dependants.

Commerzbank writes to the pensioners every six months bemoaning its dismal financial position in 2009–2011 (net retained losses of €9bn and further charges of €3bn, making a total loss of €12bn), most recently in a tabloid-style two-page letter dated 1 January 2013.

That letter culminates in the following statement on Commerzbank’s future: “The return on equity is also largely dependent upon the development of the economic environment. Unfortunately, it is hardly possible to assume that the pressure on the bank’s result will have lessened in the second half of 2012. In view of the still-difficult market conditions, we are presently unable to make any statement on whether the return on equity for the period 2013–2015 (*the current requirement is a pathetic figure of approx. 4% before tax*) will satisfy the criteria laid down by court decisions.”

The public decisions handed down by the courts confirm similar statements made by Commerzbank when increases have been denied previously. At Commerzbank’s behest, Germany’s higher labour courts are in reality correcting Commerzbank’s ratings from investment grade to near-junk. Commerzbank has managed to morph its human resources

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function's unwillingness to pay into an inability to fulfil agreements that has been confirmed by the courts.

Given the poor track record and the despondent forward-looking statements which Germany's second-largest bank is having confirmed by courts throughout the country, the question of how Munich Re's business dealings with Commerzbank in the balance-sheet and derivatives area are protected becomes inevitable, if court decisions being made on the assumption of business management ratios which already "justify" a haircut for small savers.

In my opinion, Dr. von Bomhard, you must take this very seriously indeed. Commerzbank's weak financial situation has been confirmed by the highest courts.

The consolidated result at Commerzbank in 2012 was €6m – an alarming figure.

Recent statements by Elke König and Jens Weidmann on the winding-up of banks make the matter all the more highly charged. The effectiveness of the deposit guarantee fund in a scenario involving the insolvency of a major bank is under discussion.

I call upon Dr. von Bomhard to resign his seat on Commerzbank's Supervisory Board immediately on account of the conflict within his person between the vital interests of protecting the Munich Re Group and the interests of the Commerzbank Group, and to immediately require the deposit of appropriate collateral to secure business relations with Commerzbank.

I am very concerned that I will not continue to enjoy my Munich Re shares in my old age, and also that our life insurance policy with Victoria may be detrimentally affected.

The counterargument that risk control is the responsibility of another member of the Board of Management is not acceptable for me. Given the seniority of his position as Chairman of the Board of Management, Dr. von Bomhard has sufficient means to take the necessary action."

Countermotion to **agenda items 3 and 4**  
from ....., .....

### **"Countermotion on item 3 – Resolution to approve the actions of the Board of Management:**

Approval for the actions of the members of the Board of Management should not be granted until the numerous cases of mass damage at the primary insurance subsidiary ERGO have been fully resolved, and rights of recourse against the parties responsible have been properly examined and asserted where applicable.

It is not apparent that the members of the Board of Management have fulfilled their obligations of control arising from the ARAG/Garmenbeck judgement to any extent.

#### **1. Overall responsibility of the Board of Management of Munich Re Group**

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- The Board of Management neglected to introduce an effective compliance system at ERGO for the protection of its clients and shareholders.
- To date, the Board of Management has continued to refuse to put into figures the economic losses and loss of brand value (decrease in market value) caused to its participation in ERGO by years of cover-ups, and to seek recourse from those responsible.
- Following its botched renaming, ERGO fell from being the second-largest German insurance group to fifth place. Other companies, such as Allianz or Generali Deutschland have generated record profits, whereas only ERGO has failed to reach its result targets for years.
- Marketing expenses of €70m went up in smoke to no avail because ERGO's Board of Management and Supervisory Board simply accepted as inevitable the numerous mass losses at ERGO and did not resolve known reputational risks prior to the brand's launch.
- Munich Re's Board of Management has neglected to monitor Dr. Torsten Oletzky appropriately. Consequently, Dr. Oletzky kept the sex trip to Budapest under wraps for almost a year and only began an investigation into it when Handelsblatt made enquiries at ERGO. Only due to this cover-up did the virgin ERGO brand acquire such a negative image as a result of the obscene scandals, which also explains the markedly below-average business performance.
- Munich Re has appointed Dr. Torsten Oletzky CEO of the ERGO Group for a further five years. By covering up the Budapest affair and other cases of mass damage, Dr. Oletzky has impressively disproved his reliability and professional suitability as required according to Section 7a of the German Insurance Control Act. As CEO, Dr. Oletzky implemented systematic conversions of insurance products to the detriment of clients across the Group, despite these previously having been vetoed by Victoria board member Olaf Bläser. ERGO's management was allegedly aware of the mass loss caused by the "Riester form" since 2005. Against this backdrop, rewarding Dr. Oletzky for his catastrophic work with a lucrative new contract can only make sense if seen as a kind of illicit hush money. To what extent it is admissible to grant a multi-million contract to an individual who is obviously unsuitable from a supervisory law perspective is more than moot.

### **Countermotion on item 4 – Resolution to approve the actions of the Supervisory Board:**

Approval for the actions of the members of the Supervisory Board should not be granted until the cases of mass damage at the primary insurance subsidiary ERGO have been fully resolved, and rights of recourse against the parties responsible have been properly examined and asserted where applicable.

- The monitoring of the subsidiary ERGO was among the responsibilities of Munich Re's Supervisory Board.
- The numerous cases of mass damage at ERGO have brought to light glaring systematic shortcomings within the Group.
- The damage to ERGO's brand could have been prevented if the reputational risks that were known internally had been dealt with and eliminated at an early stage.

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- At the last two Annual General Meetings, it was claimed that there had been no other obscene staff outings and cases of mass damage. These statements were proven to be false when details of further sex trips and scandals emerged.
- There has been no indication that the Board of Management or Supervisory Board has fully investigated in detail its right of recourse arising from the cases of mass damage in question at the scandal-plagued subsidiary ERGO, and asserted this against the board members responsible. In particular, economic disadvantages, loss of earnings and the obvious damage to brand value have not been properly investigated to any degree at all. Before more of Munich Re's potential claims become statute-barred owing to the inactivity of the Board of Management and Supervisory Board, all possible claims must be properly examined and asserted where applicable.

In the interests of all shareholders, I request that the results of a substantiated review be presented at the Annual General Meeting.

Yours faithfully,

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### Countermotion on **items 3 and 4**

from the **Dachverband der Kritischen Aktionärinnen und Aktionäre**, Köln

#### **Item 3: Resolution to approve the actions of the Board of Management**

We propose that approval not be granted for the actions of the members of the Board of Management.

Reasons:

In its own Corporate Responsibility Report, the world's largest reinsurer states that “a forward-looking and responsible approach is axiomatic for Munich Re”. Munich Re also presents itself as a pioneer in climate protection. Its actual actions undermine this.

Munich Re has assumed a 25% of the sum reinsured for the construction of the controversial Belo Monte dam in Brazil, for which it will receive the equivalent of €15.5m in premiums over a four-year period.

Through participation in the Belo Monte dam project, Munich Re's Board of Management is disregarding UN Guiding Principles and International Labour Organization (ILO) conventions. In addition, by taking a 25% share in the reinsurance of the Belo Monte dam, the Board of Management is in breach of its own principles and guidelines.

Due to the dam project, 400 km<sup>2</sup> of rainforest will be flooded and destroyed forever, laying waste to unique conservation areas and releasing large volumes of climate-changing greenhouse gases. The public prosecution office in the Brazilian state of Pará has

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highlighted the large number of legal violations linked to the Belo Monte dam project through the 15 legal suits thus far filed against it.

The Inter-American Commission on Human Rights (IACHR) of the Organization of American States (OAS) has called for the approval and construction process of the Belo Monte megaproject to be suspended without delay because the rights of the indigenous population are being disregarded. According to experts, the construction of the dam will displace up to 40,000 people; riverside dwellers, indigenous, small farmers and the inhabitants of the poor districts of Altamira. Environmental destruction, loss of species, human rights violations and the spread of poverty and disease are further consequences.

A brothel was recently discovered on premises operated by the project developer, Norte Energia, in which women – including under-age girls – had been forced into prostitution.

To date, the Board of Management has neglected to investigate the allegations levelled by the press for several years against the Belo Monte dam project. 25% of the sum reinsured represents a significant participation in the Belo Monte project as a whole. In consequence, Munich Re's Board of Management is partly responsible for the events transpiring in connection with Belo Monte and its actions cannot thus be granted approval.

### **Item 4: Resolution to approve the actions of the Supervisory Board**

No approval should be granted for the actions of the members of the Supervisory Board.

Reasons:

Munich Re's Supervisory Board has not fulfilled its obligation to monitor and advise the Board of Management in the management of the business. The Supervisory Board has failed to take action against the Board of Management's contraventions of UN Guiding Principles, International Labour Organization (ILO) conventions, and the Group's own principles and guidelines.

The countermotions are supported by:

- ASW – Action for World Solidarity (Aktionsgemeinschaft Solidarische Welt e.V.)
- Center for Research and Documentation Chile-Latin America (Forschungs- und Dokumentationszentrum Chile-Lateinamerika e.V.)
- CounterCurrent (GegenStrömung)
- Society for Threatened Peoples
- GRÜNE LIGA e.V.
- INFOE – Institut für Ökologie und Aktionsethnologie
- Kooperation Brasilien (KoBra)
- Pro REGENWALD
- Rainforest Rescue (Rettet den Regenwald e.V.)
- Robin Wood
- urgewald

**Münchener Rückversicherungs-Gesellschaft**

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Cologne, 10 April 2013

signed Markus Dufner

Manager of the Association of Ethical Shareholders Germany

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### **Comment of the Board of Management:**

Where necessary, we will comment further on the proposal at the Annual General Meeting.

Munich, April 2013

The Board of Management