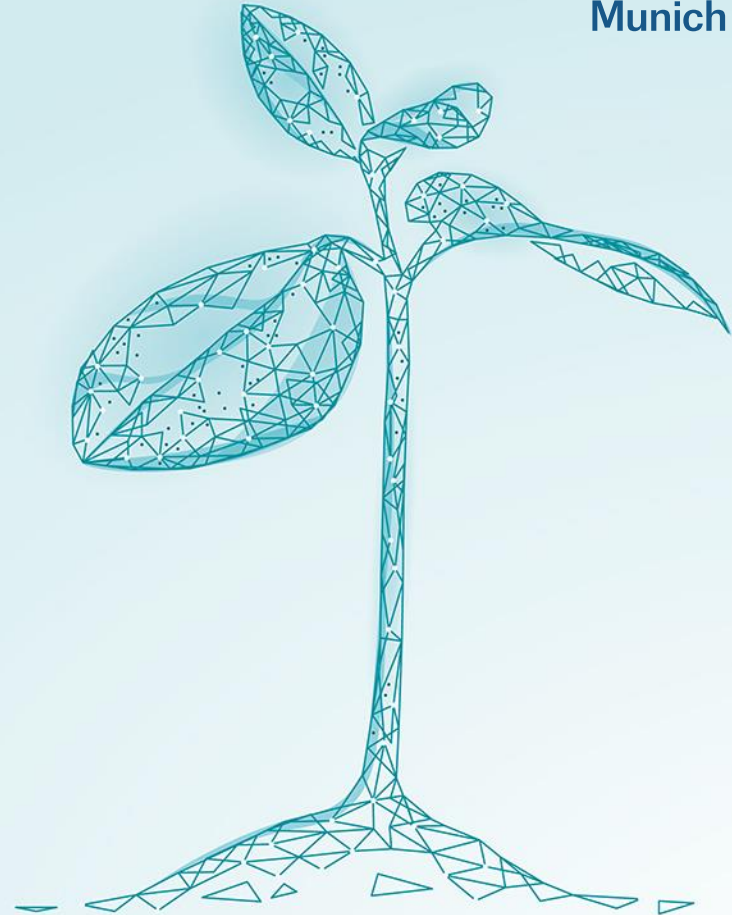


Corporate responsibility in business at Munich Re

Renate Bleich
Global Head of Sustainability

Frankfurt, 5 February 2020



Reconnecting Corporate Responsibility (CR) activities with the business creates shared value – for the company and society

The concept of shared value ...

- Shared value creation focuses on connecting societal and economic progress
- Responsible behaviour increasingly relevant for competitive advantage – companies need to do good and do it well



... how we live it at Munich Re

- Corporate Responsibility in Business
- Environmental management
- Social impact projects

A strong commitment towards corporate responsibility

International co-operations



UNEP FI (since 1999)

Munich Re has signed the UNEP FI's climate declaration



UN Global Compact (since 2007)

Munich Re has been a member of the UN Global Compact since August 2007. The ten principles of the UN Global Compact provide guidance for action in our business and set the basis for our corporate responsibility activities.



Principles for Responsible Investment (PRI) (since 2006)

Munich Re actively developed the UN Principles for Responsible Investment (PRI), which it signed in April 2006 – the first German company to do so.



Principles for Sustainable Insurance (PSI) (since 2012)

Munich Re played an active part in developing the Principles for Sustainable Insurance (PSI) since 2007 and was a founding signatory in June 2012. The PSI aim at anchoring ESG criteria in the core business along the value chain.

Sustainable Development Goals Implementation at Munich Re

Through our risk expertise, our sustainable solutions and our actions as a responsible employer, we are contributing in particular to the achievement of the following seven UN Sustainable Development Goals (SDGs).

Selected examples:

- Public-sector risk transfer solutions (e.g. ARC, PEF, MCII)
- Crop failure insurance
- Inclusive insurance products
- Renewable energy and energy efficiency solutions
- Investment in renewable energies and infrastructure
- InsuResilience initiative



We have implemented an ESG framework for insurance and investment activities

ESG aspects, sensitive issues, Munich Re position and measures



ENVIRONMENT

- Pollution
- Natural resources and biodiversity
- GHG emissions



SOCIAL

- Political context and public awareness
- Labour and working conditions
- Human rights
- Health, safety and security for the community
- Displacement of people
- Cultural heritage



GOVERNANCE

- Responsible and correct planning and evaluation
- Compliance
- Consultation and transparency



Banned weapons:

Policy on cluster munition and land mines



Coal:

Policy on coal business underwriting and investments



Arctic drilling:

Guidelines, risks to be referred to Arctic Drilling Panel



Oil sand:

Policy on oil sands underwriting and investments



Fracking:

Position paper including specific questions on ESG aspects



Mining:

Position paper including specific questions on ESG aspects



Investments in farmland:

Mandatory ESG check for investments

ESG Tool for Underwriting

Assessment of different industries, best practice in credit/surety

Sustainable investment process

ESG research and ratings included in investment process

ESG country rating

ESG information included in Munich Re Country Risk Assessment

Continuous evaluation and refinement of framework and processes, taking regulatory developments and industry-wide standards into consideration

Reputational risk committees (RRC) for escalation of controversial underwriting and investment cases

MISSION



- Consultation of business segments
- Analysis and assessment of individual cases

EXAMPLES OF REQUESTS



- Investment in / (re)insurance of specific entities / Groups
- (Re)insurance of potentially polluting projects
- (Re)insurance of projects in specific countries
- Insurance of clinical trial participants
- Critical products

WORKING MODE



- Reporting of critical issues prior to closing of a deal
- RRC responds within 48 hours, giving clear guidance
- Escalation to Board of Management by RRC coordinator in case of non-compliance

Declined
14%

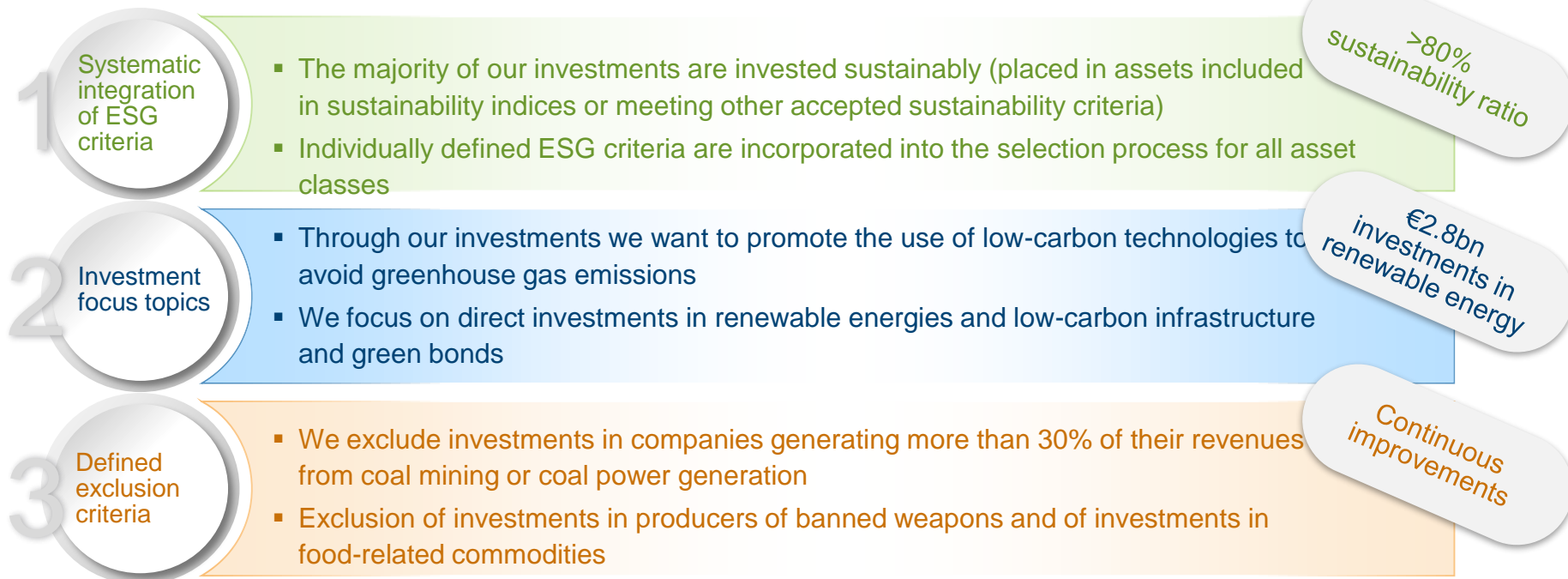
Approved
with conditions
14%



Approved
72%

Reputational risks are monitored and steered within RRCs

Munich Re's responsible investment strategy is based on three pillars



Binding public group-wide Responsible Investment Guideline (RIG) covers all requirements regarding PRI and ESG that concern Munich Re (Group) asset management

Munich Re investments: Key achievements

1 Sustainability ratio for all forms
of investment >80% in 2019



2 Munich Re invested capital
in renewable energies €1.6bn and
green bonds €1.2bn (as of 30.06.2019)
avoided CO₂ emissions since 2011:
3,000,000 t

3 Divestments from coal
~ €145m (in 2018)

Shares, corporate bonds

- Systematic analysis of ESG criteria in addition to financial performance
- New investment process

Government bonds

- Use of country ratings based on ESG information
- Exclusion of countries not meeting requirements

Real estate

- During due diligence, ESG criteria taken into account, e.g. construction material, technical facilities, energy efficiency

Infrastructure and renewable energies

- During due diligence, ESG criteria and political parameters taken into account

Agriculture and forestry

- During due diligence, ESG criteria taken into account

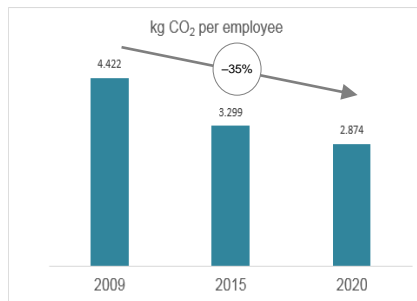
Carbon neutrality based on environmental management and CO₂ emission reduction

Our steps to carbon neutrality



Data gathering and measuring CO₂ emissions
→ since 2015 externally verified by a third party

A Group-wide environmental management system is in place and approx. 80% of employees are covered



Reduction of CO₂ emissions by saving energy, water, paper, waste and business travel and improving carbon impact of consumed goods and services

Target Munich Re Group 2020:
–35% CO₂ emissions per employee since 2009
→ 2018 > –44% CO₂ reduction



Substitute conventional electricity by green electricity

Target Munich Re Group 2020:
100% electricity is from renewable sources
→ 2018 > 86% electricity used from renewable sources



Compensate remaining CO₂ emissions through purchasing carbon credits

Since 2015: Munich Re Group is carbon neutral

Munich Re's activities relating to climate change focus on the following fields of activity

CLIMATE STRATEGY MUNICH RE (GROUP)

RISK EVALUATION

Recording and evaluation of the impact of climate change on the frequency and intensity of natural hazards.

RISK-TRANSFER SOLUTIONS

Realisation of business growth areas as a leading provider of risk-transfer solutions for renewable energies and other products aimed at adapting to and mitigating climate change.

ASSET MANAGEMENT

Supporting the expansion of renewable energies and infrastructure projects by pursuing a sustainable investment strategy.

Carbon neutrality of Munich Re

Munich: since 2009, Reinsurance worldwide: since 2012, Munich Re (Group): since end 2015

Involvement in climate initiatives

e.g. Munich Climate Insurance Initiative (MCII), InsuResilience

Technology drivers: Munich Re business opportunities

innovative solutions by “Green Tech Solutions” – enabling new technologies

Established Renewables



Solar
Energy

Wind
Energy

Hydro

Inverter

Smart Energy & Disruptive Technologies



Electrical
Energy
Storage

E-Mobility

Energy
Efficiency

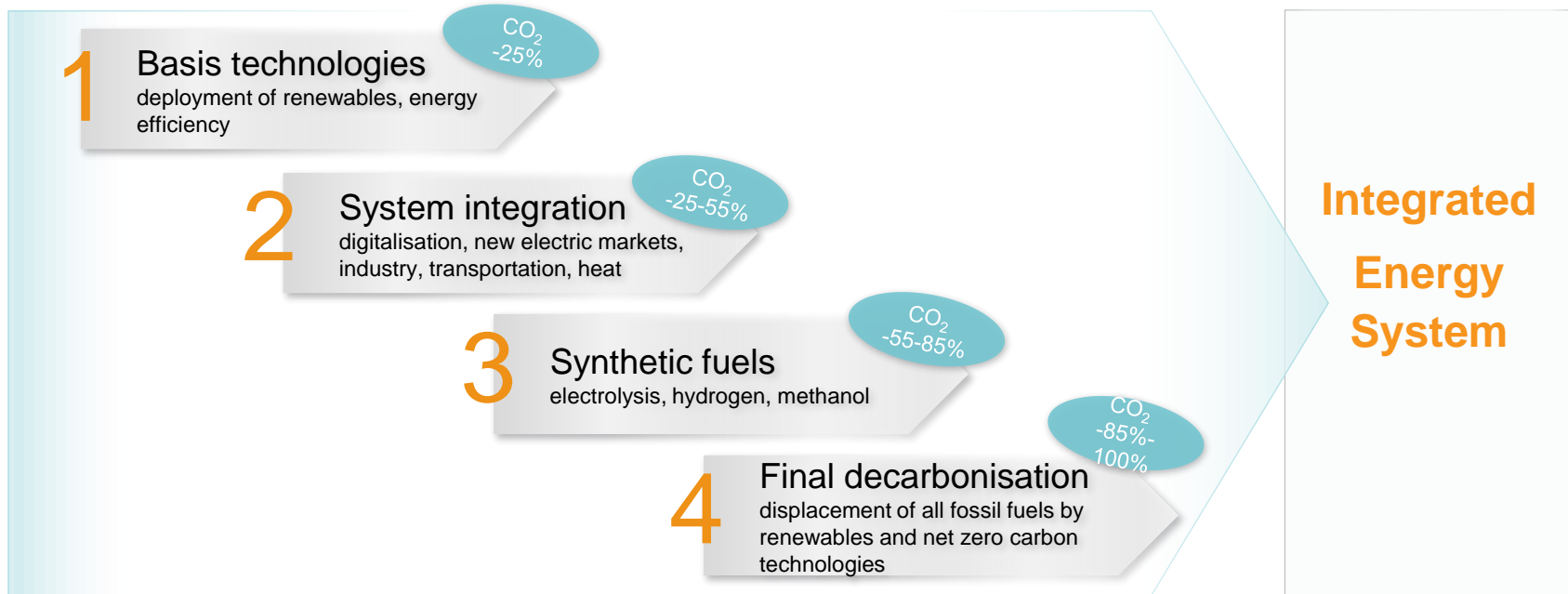
Bio Energy/
Waste to
Energy

Fuel
Cells

LED Asset/
Installation
Perfor-
mance

Climate change: technology drivers

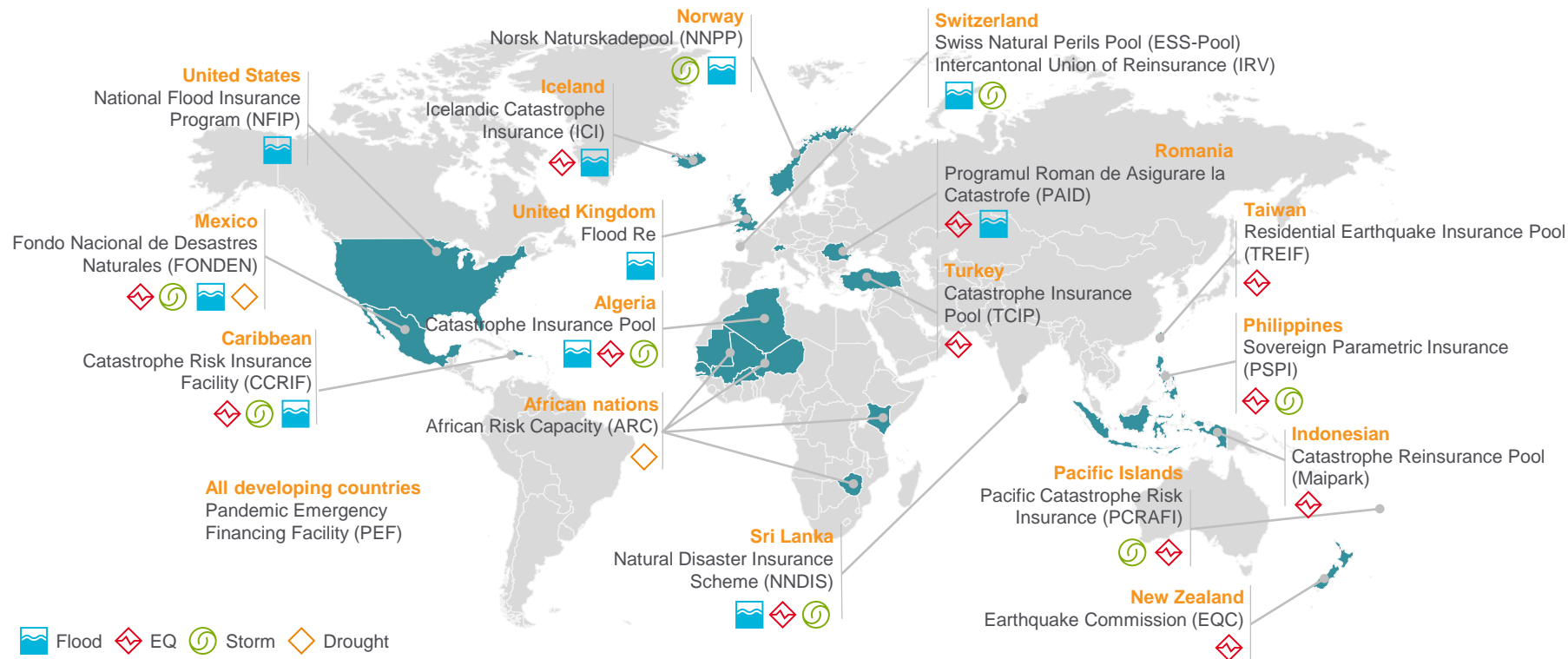
achieving a complete decarbonisation by 2050: 4 phases



Munich Re's participation in science and technology networks: know-how generation and development of new business opportunities

Climate change: risk and business development drivers

sovereign and public-private Nat Cat risk transfer schemes



Munich Re's activities relating to digitalisation and cyber security focus on the following fields of activity

BUSINESS OPPORTUNITIES

- Digital cooperation models (e.g. Digital Partners, SaveUp)
- IoT applications and services (via HSB/relayr)
- Cyber (re)insurance: GWP 2018 US\$ 473m
- Cyber embedded service solutions and growing cooperation network, e.g. DXC Technology
- Insurance of AI technology
- Data-driven solutions

CYBER SECURITY STRATEGY

Defined mission:

- to protect Munich Re Group and stakeholder trust

Main objectives:

- Provide guidance to the organization
- Ensure consistency between degree of security with risk appetite
- Streamline activities by leveraging expertise and knowhow, existing infrastructures and services

EMPLOYEES & KNOW HOW

- Digital technology is transforming the workplace
- Goal: supporting the digital readiness of employees and establishing a new learning culture with focus on the digital priorities of Munich Re
- Provision of target-group-specific basic and further training for our developers, users and managers e.g. digital school, data analytics curriculum, cyber expert pool
- Cyber security experts in business units

Responsible handling of artificial intelligence

Social impact of AI – promote exchange, protect against risks

Munich Re's sustainability performance again amongst the top 10% insurers worldwide

Sustainable Responsible Investment Ratings

ROBECOSAM
We are Sustainability Investing.

Corporate
Responsibility
Prime
rated by
ISS-ekom

**FTSE
Russell**

 **SUSTAINALYTICS**
 **vigeo eiris**

 **PRI** | Principles for Responsible Investment

MSCI

Corporate Responsibility Report

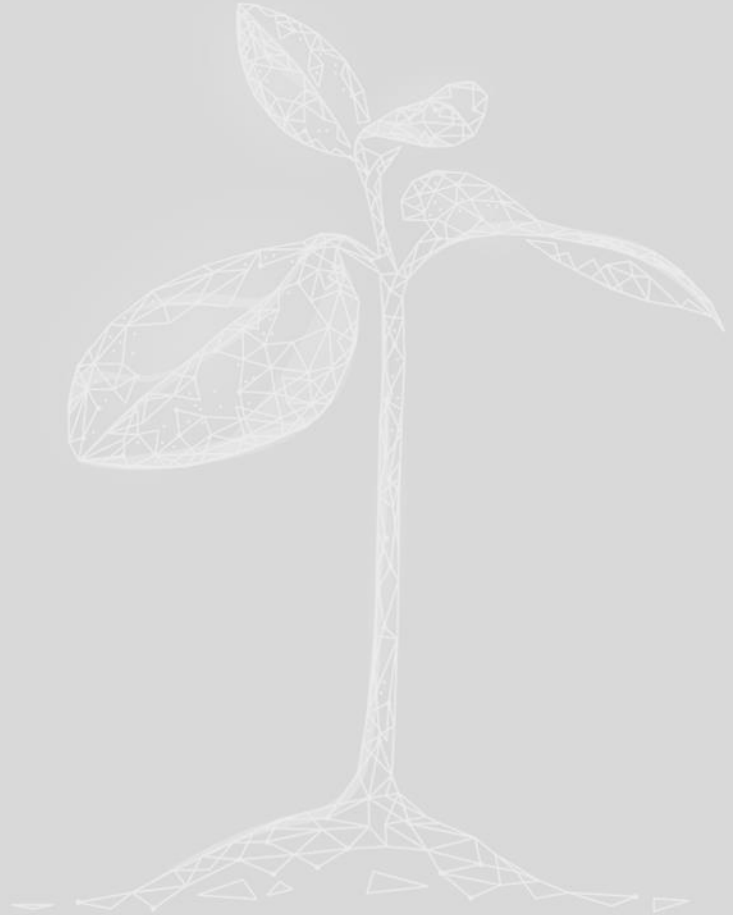


Combined non-financial statement

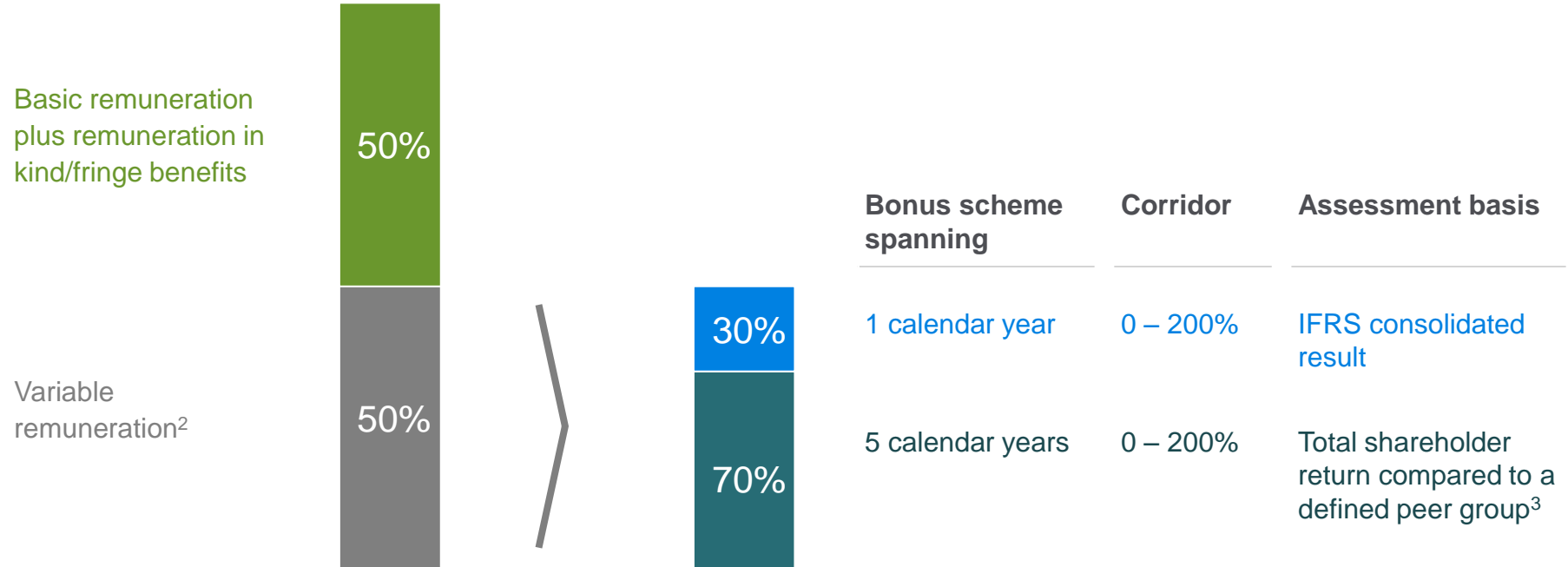


This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to make them conform to future events or developments.

Backup



Governance – Remuneration system¹ for the Board of Management meets shareholder requirements



¹ Effective as at 2018. ² For 100% achievement of objectives/performance evaluation. **Evaluation of overall performance: Adjustment of achievement figures by the Supervisory Board of up to 20 percentage points (loading/reduction).** ³ Peer group: Allianz, Axa, Generali, Hannover Re, SCOR, Swiss Re, Zurich.

Criteria for the evaluation of overall performance (Examples for bonus / malus aspects)

Individual management performance

- Result of division/line of business, contribution to overall performance
- Individual performance (qualitative and/or quantitative)
- ESG criteria (environmental, social and governance)
- Employee satisfaction
- Any malus factors taken into account
- Special market circumstances or unexpected developments taken into account
- Implementation of strategy, improvements in organisation and processes, innovation
- Conduct (leadership, example set, compliance with guidelines, working relationship with colleagues and Supervisory Board)

Collective management performance

- Result of field of business (reinsurance and/or primary insurance)
- ESG criteria (environmental, social and governance aspects)
- Employee satisfaction
- Any malus factors taken into account
- Reaction to special market circumstances and unforeseeable developments

Situation, success and future prospects of Company

- Financial situation of Company
- Short-term and long-term profit outlook
- Market environment (interest rates, situation in sector, etc.)

Diversity at Munich Re

- Our group-wide public Diversity Policy sets down the most important principles in regards to Diversity and forms the basis for overarching and comprehensive diversity management.
*“For Munich Re, diversity is a business need which promotes the acceptance and value of differences between our employees. This includes not only classic aspects such as **gender, religion, age, disabilities, nationality or cultural differences, and sexual orientation**, but also inherent characteristics such as **experience, education, personality or views**. Together, we benefit from those differences in achieving Munich Re’s strategic goals and objectives.”*
- Measures to increase the proportion of women in management positions:
 - (Cross-)mentoring programmes for women
 - Training courses for female management staff, advisory services
 - Formation of women’s networks (Munich Re “EFEU”; Munich Re of America “Employee Resource Groups”; MEAG “WIN@MEAG”)
Identification of high-potential female employees through the performance management process, talent discussion with gender sensitisation
 - Strong commitment to the promotion of women through a special internal company agreement (Munich Re Munich)

2018: Women in management positions (with disciplinary responsibilities for staff) 35.7 % worldwide (2017: 33.5%); Women 53.9 % of our Group’s workforce (2017: 54.5 %);