

MRSG UK Services Limited ('MRSGUKS')

April 2023 Gender Pay Gap Report

We can confirm our latest median Gender Pay Gap (GPG) result, based on April 2023 data, stands at 33%. It has improved by 12.9 percentage points in comparison with our first GPG report on April 2020 data (45.9%).

In the last 12 months of reporting, we have further reduced our gender pay gap by 1.7%. This continues the downward trend, albeit at a slower rate than in previous years.

We are pleased to note that our Bonus Gap has also reduced, and the number of women who have received a bonus has doubled compared to last year, reflecting improvements to both our workforce demographic and our bonus policy.

To achieve sustained progress in closing our gender pay gap, we remain fully committed to our long-term strategy, even though we are aware that our further development may only be visible stepwise over time and won't be represented in our results right away.

Gender Pay Gap Results

This report outlines Munich Re Specialty Group Ltd (MRSG)'s gender pay gap figures for the 12-month period between 6th April 2022 to 5th April 2023, and provides an update on our long-term strategy to close the gap.

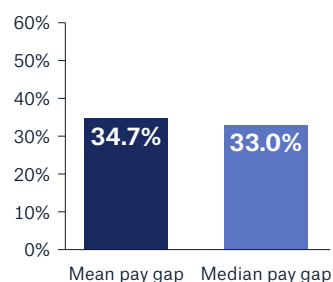
The analysis, independently carried out by PWC, shows that both our Pay and our Bonus gaps have reduced compared to last year:

Reporting Figures

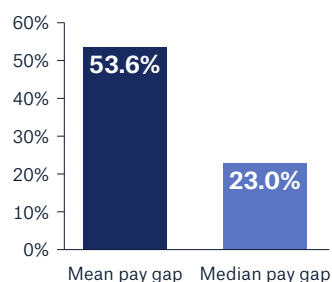
Mandatory gender pay gap reporting figures

The graphs below set out the 6 mandatory gender pay gap reporting figures for Munich Re in relation to April 2023.

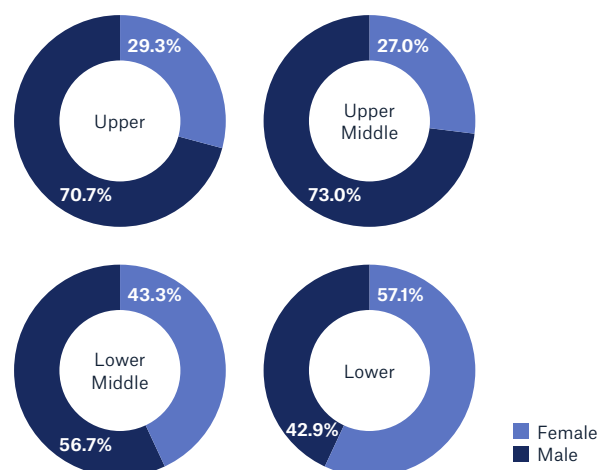
Hourly Pay



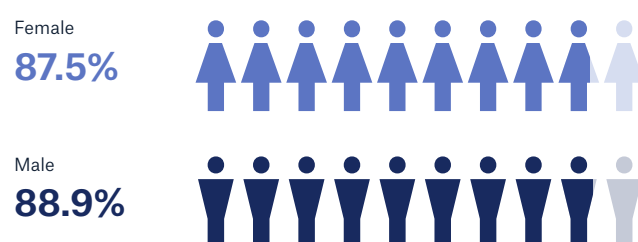
Bonus Pay



Pay quartiles



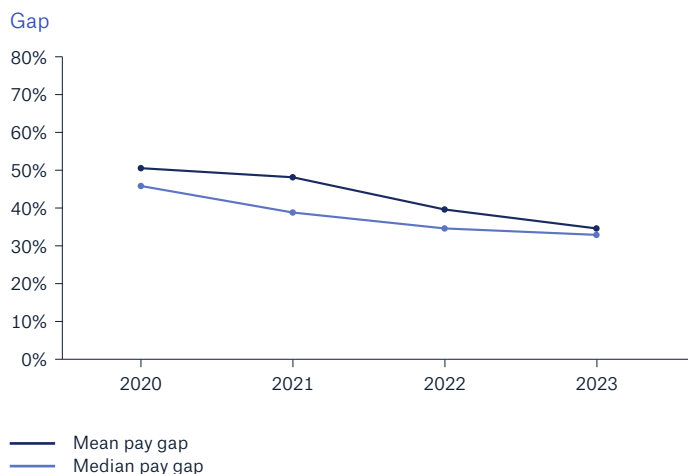
Individuals receiving a bonus



Times series – Pay gap

Pay gaps over time

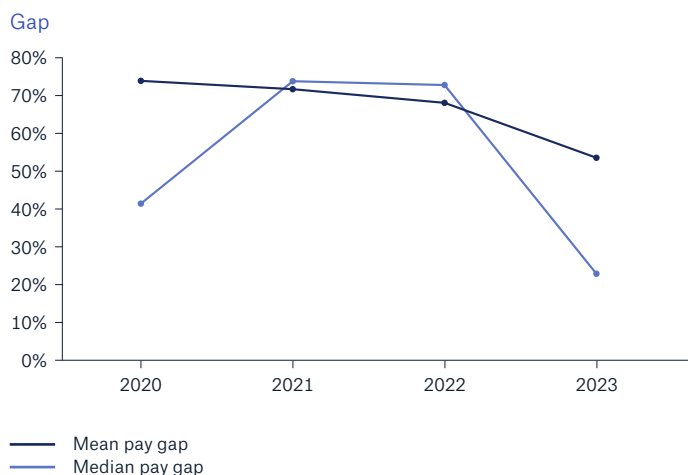
The chart below illustrates the gender pay gaps over time based on Hourly Pay.



Times series – Bonus gap

Pay gaps over time

The chart below illustrates the gender pay gaps over time based on Bonus Pay.



Commentary on our 2023 results

Our Gender Pay Gap

Although the pace of change has slowed during this 12-month period it is encouraging to report that we continue to make a recognisable reduction to our GPG figure, which has been reduced from 45.9%, in 2020, to 33% in 2023. Our progression demonstrates the value of our long term, strategic and collaborative effort to increase parity across our workplace.

With any longer-term strategy, this pace is expected while it's being mobilised, and before we can start to realise the more fundamental benefits. We aim to have greater diversity within our senior (and thus generally higher paid) roles, particularly in our Underwriting, Distribution, Finance and IT functions, and we have robust expectations from our high potential development programmes about attracting diverse candidates to senior roles in these areas in the longer term, alongside these more immediate improvements:

- Our executive team strives to role model equality, and have transitioned from an all-male executive team in 2018, to equal gender representation today.
- In an organisational change programme that took effect at the start of 2023, 44% of the newly created roles were secured by women.
- We now have a 44% female representation in our Executive Committee succession plan.

Our Bonus Pay Gap

We have continued to reduce our Bonus Gap, and to increase the proportion of women who have received a bonus. This is reflective of our changing workforce demographic, as well as Munich Re's policy of including all colleagues within their annual global bonus plan.

This year's results show a large drop in comparison to the Bonus Gap figure for 2022. This was mainly due to the cost-of-living payment that was provided to all employees in Autumn 2022, irrespective of their tenure, grade, or seniority, and which we are required to include in our results. However, even if we disregarded that one-off payment, we have still seen a reduction in our Bonus Gap.

As with our Pay Gap, further progress will depend on how many senior positions, which tend to have a higher bonus opportunity, are held by women in the future.

Evolving and embedding our DEI strategy

Launched in January 2023, our first Diversity, Equity and Inclusion (DEI) strategy and governance structure for the UK & Ireland region works to embed DEI principles in the employee experience and set DEI as a personal priority for all people leaders.

Our robust governance structure holds us accountable and represents how dedicated groups support the execution of our DEI strategy. We have a DEI steering committee, comprised of the CEOs of our UK&I region businesses, a DEI team, and a DEI Council and Champions Network, comprised of passionate employees that actively generate awareness and engagement for DEI.

Our multi-faceted strategy establishes three pillars:

- **Attracting a diverse workforce** through inclusive recruitment by creating a debiased and inclusive recruitment process, whilst building a diverse, sustainable, and engaged pipeline of candidates to recruit from. We've already undertaken an end-to-end assessment of our recruitment processes and developed a best practice guide to make them inclusive and equitable.
- **Growing workplace equity** through widening access to sponsorship ensuring all colleagues, particularly those from marginalised backgrounds, have access to career sponsors who can support their development.
- **Inspiring all colleagues to develop an inclusive mindset** by positioning it as a core competency we can all acquire through phased and sustainable learning opportunities. We launched our new and bespoke "Inclusive Mindset" framework at the end of 2023, which includes:
 - rolling out learning workshops to help employees demonstrate Inclusive Mindset as a competency
 - incorporating the Inclusive Mindset framework into our recruitment processes through the launch of an interview question bank that aims to ensure that we are assessing both internal and external candidates consistently against our Framework traits
 - providing employees with a toolkit to incorporate Inclusive Mindset into our performance management processes

These three pillars are themselves underpinned by four foundational elements:

- **Data:** Our strategy utilises workforce demographic data, obtained through our self-identification campaign to determine which eight diversity dimensions are represented in our workforce. Once this data collection process has been completed, we will be able to intentionally identify solutions that consider the unique experiences of each group at scale.
- **Multi-dimensionality and intersectionality:** Allows us to see beyond one dimension of diversity and all possible forms of marginalisation and discrimination employees might face.

– **Active employee engagement:** Our strategy is helmed by people leaders to promote change from the top, and underpinned by engagement from all employees because everyone has a part to play.

– **Consistent communications:** To inform, educate and support all employees in contributing to our DEI efforts.

Throughout 2023, we've continued to develop and deliver our DEI related learning programmes:

- A workshop, "DEI 101", that provides a clear understanding of our DEI plans and policies for our new hires.
- "Innocent Bystander" training that empowers colleagues to both address and prevent inappropriate behaviour.
- An integrated development programme for our leaders to encourage the right mindset to achieve DEI (e.g. a "servant leadership" approach and being intellectually curious).

As an organisation that protects against the risks of a global community, our Diversity, Equity and Inclusion (DEI) strategy and governance structure for the UK & Ireland is critical to our long-term plan to be proud of a workforce which is more representative of society. It's not just the right thing to do, it's fundamental to the success of any business in attracting the best people, and the right clients.

Ensuring that our remuneration and benefits supports our DEI strategy

Through a more formal annual remuneration review, our people leaders can now ensure each individual in their team is paid fairly and equitably, relative to the job market and their specific accountabilities. Human Resources (HR) will aid leaders in making business focused and unbiased decisions.

Since 2020, we no longer use performance ratings to influence bonus awards, which removes a risk of bias in the outcome.

In 2024, we intend to review our approach to "ad hoc" rewards, including both "Spot Bonuses" and Recognition, to ensure that we are creating a strong sense of purpose and belonging in a fair, consistent and appropriate way.

Our MRSGUKS benefits selection is offered to all colleagues in a way that can be personalised based on individual circumstances. Our benefits menu and policies are continually reviewed to ensure that they are fully supporting our DEI goals, including flexible working, financial wellbeing, and support for people who have health issues, and for parents and carers, so that colleague feel fully supported in their work and personal life.

Closing statement

Reducing our Gender Pay Gap is one of the key success measures for our overall Diversity, Equity and Inclusion (DEI) Strategy. So, whilst we acknowledge that we still have a long way to go, we remain fully committed to all of the elements that will enable us to achieve our aim of being recognised as a bold leader within our peer group on DEI, and Environmental, Social and Governance (ESG):

- Having a diverse and inclusive workforce that fully reflects both where we are located, and the clients we serve.
- Offering everyone an opportunity to join our business, and to realise their full potential.
- Being fair, inclusive and transparent about the rewards and benefits that we offer.

Over the past five years, there has been a sustained and progressive reduction to our Gender Pay Gap. If we are to continue to attract the best people to Munich Re, retain our high-quality offering and serve our clients as we know we can, we must stick to our agreed long-term approach. The leadership team and board are in full alignment and committed to our shared goal.

Declaration:

We confirm that the 2023 gender pay gap calculations for MRSGUKS is accurate and meets the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



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