

Statement on Corporate Governance for the 2015 financial year in accordance with Section 289a of the German Commercial Code (HGB)



Additional information on corporate governance is available in the corporate governance report in the 2015 Munich Re (Group) Annual Report and on our website at www.munichre.com/cg-en

Munich Reinsurance Company has submitted the following Statement on Corporate Governance in accordance with Section 289a of the German Commercial Code (HGB).

Working procedure of the Board of Management

General information on the duties of the Board of Management is provided in the corporate governance report. The work of the Board of Management of Munich Reinsurance Company – in particular the allocation of responsibilities among the individual Board members, matters reserved for the full Board of Management, and the required majority for resolutions – is regulated by rules of procedure issued by the Supervisory Board. The full Board of Management decides on all matters for which the law, the Articles of Association or the rules of procedure prescribe a decision by the Board of Management. In particular, it is responsible for matters requiring the approval of the Supervisory Board, for items which have to be submitted to the Annual General Meeting, and for tasks which constitute management functions or are of exceptional importance, including significant personnel issues.

Meetings of the Board of Management take place as required, but generally at least once a month.

The members of the Board of Management cooperate closely for the benefit of the Company.

Composition and working procedure of the Board of Management committees

In order to enhance the efficiency of the Board of Management's operations, three committees have been set up: the Group Committee, the Reinsurance Committee, and the Strategy Committee.

Group Committee (GC)

The Group Committee comprises the Chairman of the Board of Management and at least one other member of the Board of Management, currently Nikolaus von Bomhard and Jörg Schneider. The Chairman of the Board of Management is also Chair of the Group Committee.

The Group Committee is the central management committee of the Group. It decides on fundamental issues of the strategic and financial management of the Group encompassing all business fields and on the principles of general business policy and organisation within the Group. The Committee also decides on all matters of fundamental importance relating to its voting members' divisions. In addition, it acts as an Executive Board in charge of dealing with important ongoing matters, in particular the approval of significant individual transactions.

Reinsurance Committee (RC)

The Reinsurance Committee comprises Torsten Jeworrek, Giuseppina Albo, Ludger Arnoldussen, Thomas Blunck, Peter Röder, and Joachim Wenning. A further member is the Chief Financial Officer for Reinsurance, Hermann Pohlchristoph. The Chair of the Committee is appointed by the Supervisory Board; this office is held by Torsten Jeworrek.

The Reinsurance Committee is the central management committee of the reinsurance field of business. It decides on all matters of fundamental importance to this field of business.

Strategy Committee (StratC)

The Strategy Committee was set up as a Board committee in the year under review.

The members of the Strategy Committee are Nikolaus von Bomhard, Doris Höpke, Torsten Jeworrek, Markus Rieß, Jörg Schneider, and the Head of Group Development.

The Chairman of the Board of Management is also Chair of the Strategy Committee.

The Strategy Committee is the central management committee for fundamental strategic matters in the fields of primary insurance/ERGO, reinsurance, and Munich Health. It decides on all matters of strategic importance to these fields of business.

The following applies to all Board of Management committees:

Where decisions within the sphere of responsibility of a committee are issues reserved for the full Board of Management, the respective committee will prepare these decisions.

The committee meetings are held as needed, and usually take place every two weeks. Only members of the Board of Management have voting rights on these committees. Further details are regulated by the rules of procedure adopted by the full Board of Management.

Subcommittees of the Board Committees

Both the Group Committee and the Reinsurance Committee have set up subcommittees. These comprise the Group Investment Committee (GC), the Group Risk Committee (GC), and the Global Underwriting and Risk Committee (RC). Their members include other senior executives from Munich Reinsurance Company and the Group. Only members of the Board of Management have voting rights on these subcommittees, whose work is governed by their own written rules of procedure.

The Group Investment Committee is responsible for all significant issues affecting the investments of the Group and the fields of business. Both the Group Risk Committee and the Global Underwriting and Risk Committee deal with risk issues, albeit with different emphases. More details can be obtained from the section on risk governance in the risk report of our Group Annual Report 2015.

Cooperation between Board of Management and Supervisory Board

The Board of Management coordinates the Company's strategic approach with the Supervisory Board and discusses the current state of strategy implementation, as well as all issues relevant for the Company, with the Supervisory Board at regular intervals. The Supervisory Board has defined the Board of Management's information and reporting requirements in detail. Specific types of transactions, such as certain investments and divestments and individual capital measures (e.g. according to Article 4 of the Articles of Association), require the Supervisory Board's consent. Beyond this, the Board of Management reports to the Audit Committee on specific topics falling within the latter's scope of responsibility.

Working procedure of the Supervisory Board

General information on the duties of the Supervisory Board can be found in the corporate governance report.

Articles 12 and 13 of the Articles of Association contain provisions governing the adoption of resolutions by the Supervisory Board. Beyond this, the Supervisory Board has established its own rules of procedure, specifying responsibilities, work processes and further modalities for the adoption of resolutions. The Audit Committee also has its own rules of procedure, which have been adopted by the Supervisory Board.

The Supervisory Board is quorate if all its members have been invited to the meeting or called upon to vote, and if ten members including the Chairman, or alternatively 15 members, participate in the vote. If the Chairman of the Supervisory Board so determines, meetings of the Supervisory Board may be conducted either wholly or in part using telecommunications, but this is not the normal procedure.

The Chairman of the Supervisory Board is authorised to make declarations on the Supervisory Board's behalf based on prior resolutions.

Composition and working procedure of the Supervisory Board committees



More details on the work of the Supervisory Board committees in the financial year ended can be found in the report of the Supervisory Board in the 2015 Munich Re (Group) Annual Report and on our website at www.munichre.com/cg-en

Munich Reinsurance Company's Supervisory Board has set up five committees: the Standing Committee, the Personnel Committee, the Audit Committee, the Nomination Committee, and the Conference Committee. The full Supervisory Board is regularly informed about the work of the committees by their respective chairs. The committees adopt decisions by the majority of votes cast. In the Standing Committee, the Personnel Committee and the Audit Committee, the person chairing the committee has the casting vote in the event of a tie.

The committees' main responsibilities are as follows:

Standing Committee

The Standing Committee prepares Supervisory Board meetings insofar as no other committee is responsible for doing so. It decides on matters of Company business requiring the Supervisory Board's consent unless the full Supervisory Board or another committee is responsible. The committee makes amendments to the Articles of Association that only affect the wording, and decides on whether and when guests may attend Supervisory Board meetings. Besides this, it prepares the annual Declaration of Conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG), and the Supervisory Board's report about the Company's corporate governance in the annual report. Every year, it reviews the efficiency of the Supervisory Board's work and submits appropriate proposals to the full Supervisory Board where necessary. The Committee approves certain loan transactions of the Company, in particular with senior managers and Supervisory Board members or related parties, as well as other Company contracts with members of the Supervisory Board.

The members of the Standing Committee are Bernd Pischetsrieder (Chair), Henning Kagermann, Wolfgang Mayrhuber, Marco Nörenberg and Andrés Ruiz Feger.

Personnel Committee

The Personnel Committee prepares the appointment of members of the Board of Management and, together with the Board of Management, concerns itself with long-term succession planning. It also prepares the Supervisory Board's resolution on the remuneration system for the Board of Management, including the total remuneration of the individual members of the Board of Management. The Personnel Committee represents the Company vis-à-vis the members of the Board of Management and is responsible for personnel matters involving members of that Board, unless these are issues that have been allocated to the full Supervisory Board. The Committee approves loan transactions between the Company and members of the Board of Management or related parties, as well as any material transactions between the Company or its associated companies and members of the Board of Management or related parties. It also decides on secondary occupations that members of the Board of Management may pursue and on seats they hold on the boards of other companies.

Members of the Personnel Committee are Bernd Pischetsrieder (Chair), Wolfgang Mayrhuber and Angelika Wirtz.

Audit Committee

The Audit Committee prepares Supervisory Board resolutions on the adoption of the annual Company financial statements and approval of the Group financial statements. It discusses the quarterly reports, and receives the audit reports and other reports and statements by the external auditor. It also discusses the essential components of the reporting under Solvency II with the Board of Management.

The Committee monitors the accounting process and the effectiveness of the Company's internal control system. Moreover, it examines the effectiveness of the risk management system, the compliance system and the internal audit system, including improper business practices and whistleblowing procedures. Furthermore, the Audit Committee is responsible for examining potential claims due to breach of duty by members of the Board of Management. Its activities for the full Supervisory Board involve work that it can complete of its own accord, and preparatory work for decisions by the full Supervisory Board.

Furthermore, the Audit Committee initiates the decision on the appointment of the external auditor and monitors the latter's independence and quality. It appoints the external auditor for the Company and Group financial statements, determines focal points of the audits and agrees the auditor's fee for the annual audit; the same applies to the review of the half-year financial report. After in-depth deliberations on the Board of Management, the Audit Committee prepares the annual discussion of the risk strategy held before the Supervisory Board, and discusses any changes or deviations from the risk strategy with the Board of Management during the year. In this connection, the Audit Committee obtains reports not only from the Board of Management but also directly from the Group Chief Compliance Officer, the Group Chief Auditor, the Group Chief Risk Officer, the Head of the Actuarial Function, or from corporate counsel.

Its members are Henning Kagermann (Chair), Christian Fuhrmann, Anne Horstmann, Bernd Pischetsrieder and Anton van Rossum.

Nomination Committee

Comprising solely representatives of the shareholders, the Nomination Committee suggests suitable candidates to the Supervisory Board for the latter's election proposals to the Annual General Meeting. It has drawn up and adopted a list of criteria on which these proposals are to be based.

Its members are Bernd Pischetsrieder (Chair), Ann-Kristin Achleitner and Henning Kagermann.

Conference Committee

The Conference Committee makes personnel proposals to the full Supervisory Board if the requisite two-thirds majority is not achieved in the first vote when it comes to appointing or dismissing members of the Board of Management. Its responsibilities remain the same after application of the Co-determination Agreement, and are set out in the Articles of Association and the Supervisory Board's rules of procedure.

Members of the Conference Committee are Bernd Pischetsrieder (Chair), Henning Kagermann, Marco Nörenberg and Angelika Wirtz.

Declaration of Conformity with the German Corporate Governance Code, issued in November 2015 by the Board of Management and Supervisory Board of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München in accordance with Section 161 of the German Stock Corporation Act (AktG)

Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München fulfils all the recommendations of the German Corporate Governance Code of 5 May 2015 (published on 12 June 2015) and will continue to do so in future.

Since the last Declaration of Conformity was issued in November 2014, Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München has fulfilled all the recommendations of the German Corporate Governance Code of 24 June 2014 (published on 30 September 2014).

Further corporate governance practices

Munich Re Code of Conduct

We additionally have our own Munich Re Code of Conduct specifying high-level ethical and legal requirements that must be met by employees. In our Code of Conduct, we clearly state our expectations of legally impeccable behaviour based on ethical principles. The Code of Conduct contains regulations that are binding on all employees and the management of Munich Reinsurance Company and the companies of Munich Re (Group).



More details may be found at:
[www.munichre.com/
corporatecompliance](http://www.munichre.com/corporatecompliance)

In the event of a breach of the Code of Conduct, employees have the option of contacting an external and independent ombudsman, who reports suspicions to the Group Chief Compliance Officer, thereby supporting the policy of Munich Re (Group) for combating crime. Furthermore, employees and third parties can use a compliance whistleblowing portal to anonymously report criminal behaviour, such as bribery and corruption, conduct liable to cause damage to reputation, contraventions of antitrust, insider trading and data protection laws.

UN Global Compact

To make clear our understanding of important values inside and outside our Group, Munich Re joined the United Nations Global Compact in 2007. The ten principles of this Declaration form the benchmark for our actions throughout the Group and thus provide the fundamental framework for our corporate responsibility. We report annually on the implementation of these principles in our Communication on Progress for the UN Global Compact.

Principles for Responsible Investment

In 2006, we became the first German company to sign the Principles for Responsible Investment (PRI). We implement the principles for sustainable investment through our asset manager MEAG, and we report on adherence to these principles annually.



More details on these voluntary commitments may be found at:
www.munichre.com/voluntary-commitments

Principles for Sustainable Insurance

The Principles for Sustainable Insurance (PSI), which we played an active role in formulating and signed in 2012, serve as guides for anchoring environmental, social and governance (ESG) aspects more firmly in our core business.

Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions

The Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions (FührposGleichbergG) came into force on 1 May 2015.

In implementing the law, the Supervisory Board and Board of Management of Munich Reinsurance Company set the following targets and deadlines for achieving these targets:

As at 16 September 2015, the Supervisory Board set a target quota to be achieved by 31 December 2015 that at least 20% of the members of the Board of Management should be women.

This target quota was achieved in the given period. The proportion of women on the Board of Management of Munich Reinsurance Company as at 31 December 2015 was 20%.

Moreover, as at 1 January 2016 the Supervisory Board set another target quota to be achieved by 31 December 2020 that at least 20% of the members of the Board of Management should be women.

From 21 July 2015, the Board of Management set a target quota of 3.9% for the proportion of women in positions at the first management level below the Board of Management, and a target of 20.9% for the second management level below the Board of Management, with each target to be achieved by 30 June 2016.

The Supervisory Board and Board of Management have based the targets on the current proportions of women in management positions at the respective management levels.

Moreover, in accordance with the law, at least 30% of seats on the Supervisory Board must be filled by women and 30% by men. As from the 2016 financial year, companies must report on compliance with this legal requirement, which is to be observed in any new elections with effect from 1 January 2016. Women currently occupy 40%, and men 60%, of the Supervisory Board seats of Munich Reinsurance Company. The minimum quota requirement, which does not yet apply to the Supervisory Board of Munich Reinsurance Company, is thus already met.