

Statement on Corporate Governance for the 2017 financial year pursuant to Section 289f and Section 315d of the German Commercial Code (HGB)

This statement combines the Statement on Corporate Governance of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (Munich Reinsurance Company) pursuant to Section 289f of the German Commercial Code (HGB) and the Group Statement on Corporate Governance pursuant to Section 315d of the Commercial Code.

Working procedures of the Board of Management

General information on the duties of the Board of Management is provided in the 2017 Group Annual Report (see page 14 f. of the Corporate Governance Report). Additional information on corporate governance is available on our website at www.munichre.com/cg-en.

The work of the Board of Management – 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 require 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, such as significant personnel issues.

Meetings of the Board of Management take place as required, but generally at least once a month, and are presided over by the Chairman of the Board of Management. The adoption of a resolution requires the majority of votes cast; in the event of a tie, the Chairman has the casting vote. The members of the Board of Management cooperate closely for the benefit of the Company. On an ongoing basis, they inform each other about all important business transactions.

Composition and working procedures of the Board of Management committees

Three committees ensure the efficiency of the Board of Management's operations: the Group Committee, the Reinsurance Committee and the Strategy Committee.

Group Committee

The Group Committee (GC) comprises the Chairman of the Board of Management and at least one other member of the Board of Management: since 27 April 2017, the GC has comprised Joachim Wenning (Nikolaus von Bomhard until 26 April 2017) 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 for all fields of business, and on the principles of general business policy and organisation within the Group. The Committee also makes decisions on all matters of fundamental importance relating to the divisions headed by its voting members. In addition, it acts as an Executive Committee in charge of dealing with important ongoing matters, in particular the approval of significant individual transactions.

Reinsurance Committee

The Reinsurance Committee comprises the following members of the Board of Management: Torsten Jeworrek, Giuseppina Albo (until 31 December 2017), Thomas Blunck, Doris Höpke (since 1 February 2017), Hermann Pohlchristoph (since 27 April 2017), Peter Röder, Ludger Arnoldussen (until 26 April 2017) and Joachim Wenning (until 26 April 2017). A further member is the Chief Financial Officer for the reinsurance field of business, Andrew Buchanan (since 1 May 2017). 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 for this field of business.

Strategy Committee

The members of the Strategy Committee (StratC) are Joachim Wenning (since 27 April 2017 – Nikolaus von Bomhard until 26 April 2017), Torsten Jeworrek, Markus Rieß, Jörg Schneider, Doris Höpke (until 1 February 2017), and the Head of Group Strategy M&A. 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 business. It decides on all matters of strategic importance to those fields of business.

The following applies to all Board of Management committees: Where decisions within the sphere of responsibility of a committee relate to issues reserved for the full Board of Management, the respective committee will prepare these matters for decision. Committee meetings are held both regularly and as required. 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 for the respective committee.

Subcommittees of the Board of Management Committees

Both the Group Committee and the Reinsurance Committee have set up subcommittees. The Group Committee has set up the Group Investment Committee and the Group Risk Committee, and the Reinsurance Committee has set up the Global Underwriting and Risk Committee and the Board Committee IT Investments. The members of these subcommittees also include other senior executives from Munich Reinsurance Company and the Group. Only members of the Board of Management have voting rights on these subcommittees.

The work of these subcommittees is governed by their own written rules of procedure. The Group Investment Committee is responsible for all significant issues affecting the Group's investments, 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. The role of the Board Committee IT Investments is to prioritise IT investments in the reinsurance field of business and in Group functions within the framework of the business strategy.

Working procedures of the Supervisory Board

General information on the duties of the Supervisory Board of Munich Reinsurance Company and its working procedures can be found in the Corporate Governance Report. Articles 12 and 13 of the Articles of Association of Munich Reinsurance Company 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, participate in the vote. Alternatively, it is quorate if fifteen 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 by means of 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 that are based on prior resolutions.

Composition and working procedures of the Supervisory Board committees

Munich Reinsurance Company's Supervisory Board has set up six committees: the Standing Committee, the Personnel Committee, the Audit Committee, the Nomination Committee, the Conference Committee and the Remuneration Committee (with effect from 1 January 2018). 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 event of a tie, the Chair has the casting vote.

Further details of the work of the Supervisory Board committees in the financial year can be found in the report of the Supervisory Board on page 10 ff. of the Group Annual Report 2017 of Munich Re, and on the website at www.munichre.com/cg-en.

The main responsibilities of the committees are as follows:

Standing Committee

The Standing Committee prepares meetings of the Supervisory Board, unless another 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. It also makes amendments to the Articles of Association that concern only the wording. It also prepares the annual Declaration of Conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) for the Supervisory Board, and the Supervisory Board's report on the Company's corporate governance for publication in the Annual Report.

Every year, it reviews the efficiency of the Supervisory Board's work and, where necessary, submits appropriate proposals to the full Supervisory Board. The Committee approves certain Company loan transactions, in particular with Prokurists (holders of full commercial power of attorney) and Supervisory Board members or related parties, as well as other Company contracts with members of the Supervisory Board. The Committee is also responsible for undertaking preparatory negotiations prior to a voluntary external audit of the separate non-financial statement, including the preparation of the shortlist and appointment of an external auditor.

The members of the Standing Committee are Bernd Pischetsrieder (Chair), Gerd Häusler, Henning Kagermann, 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, addresses issues of long-term succession planning. The Personnel Committee also represents the Company in matters concerning the members of the Board of Management, and is responsible

for personnel matters involving members of the Board of Management unless these are issues that are the responsibility of the full Supervisory Board or (as of 1 January 2018) the Remuneration Committee. It must approve loan transactions between the Company and members of the Board of Management and their related parties. It is also responsible for approving significant transactions between the Company (or its subsidiaries) and members of the Board of Management (and their related parties or companies). It also decides on secondary occupations that members of the Board of Management may pursue and seats they may hold on the boards of other companies.

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

Remuneration Committee

As of 1 January 2018, a new Remuneration Committee was formed that has taken over responsibility for some of the tasks of the Personnel Committee.

Its members are Bernd Pischetsrieder (Chair), Ann-Kristin Achleitner and Angelika Wirtz.

Audit Committee

The Audit Committee prepares Supervisory Board resolutions on the adoption of the Company's annual 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 Solvency II reporting with the Board of Management.

The Committee monitors accounting processes and the effectiveness of the Company's internal control system. Moreover, it examines the appropriateness and effectiveness of the risk management system, the effectiveness of the compliance system, and the internal audit system, including whistleblowing procedures. Furthermore, the Audit Committee is responsible for examining potential claims due to breach of duty by members of the Board of Management. In this respect, some of its tasks may be completed of its own accord, and some involve merely preparatory work carried out on behalf of the full Supervisory Board.

The Audit Committee also initiates the decision on the appointment of the external auditor, and makes proposals to the Supervisory Board in this regard. It also monitors the independence and quality of the auditing of the annual financial statements. 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. Beyond this, it handles the approval and monitoring of non-audit services.

After in-depth deliberations by 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 hears 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 and independent financial expert), Ann-Kristin Achleitner, Christian Fuhrmann, Anne Horstmann and Bernd Pischetsrieder.

Nomination Committee

Comprising only 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 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.

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 2017 by the Board of Management and Supervisory Board of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München pursuant to Section 161 of the German Stock Corporation Act \(AktG\)](#)

Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München has fulfilled all the recommendations of the German Corporate Governance Code of 7 February 2017 (published on 24 April 2017) and will continue to do so in future.

Since the last Declaration of Conformity was issued in November 2016, Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München has fulfilled 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.

Other corporate governance practices

Munich Re Code of Conduct

The Munich Re Code of Conduct clearly states the Group's definition of legally impeccable behaviour based on ethical principles. It contains regulations that are binding on all employees and the management of Munich Re (Group). On the basis of the Code of Conduct, all staff members undertake to comply with applicable laws and internal corporate regulations to prevent loss, damage or harm to the Group.

Group-wide reporting system

Munich Re has a Group-wide system for reporting contraventions of laws and regulations, and to monitor changes to legal and regulatory requirements or enquiries. The system allows for ongoing documentation and rapid reporting up to the Board of Management.

Whistleblowing portal and ombudsman

At the instigation of the Board of Management, the compliance whistleblowing portal has been set up as another channel to complement the independent external ombudsman, and thus strengthen compliance within Munich Re. Employees and third parties can use this portal to anonymously report activities that may cause reputational damage, suspected criminal behaviour such as bribery and corruption, contraventions of antitrust laws, insider trading rules and data protection laws and other violations of applicable legislation.

Further information on these topics is available on our website at www.munichre.com/en/compliance.

United Nations 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 (covering human rights, labour standards, environmental protection and combating corruption) form the benchmark for our actions throughout the Group, and thus provide the fundamental framework for our corporate responsibility. Munich Re's Code of Conduct takes full account of these principles.

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. We implement the principles for sustainable investment through our asset manager MEAG, and we report on adherence to these principles annually.

Principles for Sustainable Insurance

The Principles for Sustainable Insurance – which Munich Re played an active role in formulating and which we signed in 2012 – serve as a guide for anchoring environmental, social and governance (ESG) aspects along the value-added chain in our core business.

Further information on these voluntary commitments is available on our Corporate Responsibility Portal at www.munichre.com/cr-en and www.munichre.com/voluntarycommitments.

Equal participation of men and women in public and private-sector management positions

In implementing the Act on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions (FüPoG), the Supervisory Board and Board of Management of Munich Reinsurance Company set the following targets and deadlines for achieving these targets:

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

On 31 December 2017, the percentage of women on the Board of Management was 22.2%. As one of the female members left the Board with effect from the end of the financial year 2017, the percentage of women on the Board of Management has fallen to 12.5% since 1 January 2018. The Supervisory Board is retaining its target of a quota of at least 20% to be achieved by 31 December 2020.

From 1 July 2016, the Board of Management set a target quota of 4.0% for the proportion of women in positions at the first management level below the Board of Management, and a target of 20.1% for the second management level below the Board of Management, with each target to be achieved by 31 December 2020.

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. Where the Act on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions is applicable in Group companies, the target figures for the proportion of women is generally also based on the status quo at the beginning of the target period. As a general principle, the management levels are defined as follows: A manager on the first management level reports to a member of the Board of Management. A manager at the second management level reports to a manager at the first management level. For these purposes, only staff members with disciplinary responsibility are categorised as managers.

Moreover, in accordance with the Act, at least 30% of seats on the Supervisory Board of Munich Reinsurance Company must be filled by women, and at least 30% must be filled by men.

On 31 December 2017, the percentage of men on the Supervisory Board of Munich Reinsurance Company was 55%, and the percentage of women was 45% – of which

four women were shareholder representatives and five were employee representatives. The minimum quota requirement is thus met.

Also applicable to Munich Reinsurance Company is a co-determination agreement concluded pursuant to the German Act on the Co-Determination of Employees in Cross-Border Mergers (MgVG). In accordance with the agreement, the employee and shareholder sides will in future ensure separate compliance with the statutory gender quotas on the Supervisory Board.

Diversity concepts for the Board of Management and Supervisory Board

Diversity concept for the Board of Management

In appointing members of the Board of Management, the Supervisory Board takes account of professional training and education, age, internationality, and gender of the candidates. Gender diversity is addressed in the above comments regarding the Act on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions (FüPoG).

Members of the Board of Management bear individual responsibility for their own divisions, and joint responsibility for overall management of the Company. Therefore, all members of the Board of Management must have adequate knowledge of all areas of our business in order to ensure mutual checks and balances. The individual professional requirements for all Board of Management functions are detailed in the specification profiles.

The Board of Management and Supervisory Board have drawn up a Fit and Proper Policy in line with insurance supervision rules (Solvency II); this policy sets out fitness and propriety requirements for board members. It requires the Board of Management overall to have adequate qualifications, experience and expertise at least in the business, economic, market and regulatory environment, as well as the business strategy, business model, governance system and risk model of Munich Reinsurance Company, and financial and actuarial analysis.

The differences between the business models within the Group and between divisions in the reinsurance field of business require that the Board of Management have a broad professional and educational background.

In its current composition, the Board of Management shows a diverse range of professional training and education. It includes graduates of various degree and apprenticeship courses (including law, business and economics, mathematics, training as an insurance specialist). The CVs of the individual members of the Board of Management have different focuses – in operative business, in certain markets, or in specialist areas. The various career paths and personalities within

the Board of Management are an expression of the versatile business model, and reflect the complexity of requirements faced by the Board.

The internationality of the Board is also taken into account. The global business activities of Munich Re mean that all members of the Board of Management have international management experience.

The average age of members of the Board of Management at the end of the financial year 2017 was 54 years; the youngest Board member is 51, and the oldest is 59. The age limit for membership of the Board of Management is 67; members of the Board of Management must leave the Board no later than the end of the calendar year in which they turn 67.

Preparation for the appointment of members of the Board of Management is the responsibility of the Personnel Committee of the Supervisory Board, which draws up proposals for suitable candidates for consideration by the full Supervisory Board. The Committee's considerations are based on the requirements of the Fit and Proper Policy, diversity aspects and the specification profiles of the respective candidates. The Personnel Committee, in conjunction with the Board of Management, is also responsible for succession planning. Succession planning for the Board of Management is a systematic and long-term process. Some candidates are drawn from the Group's top talent pool – the Group Management Platform, which seeks to ensure a balance of experience, gender and internationality. In the annual Group Career Session, succession planning is continually updated by the participating heads of the fields of business.

Diversity is an important aspect of Munich Re's corporate culture, and its fundamentals are set out in the Diversity Policy. This applies Group-wide to all employees.

The CVs of the members of the Board of Management can be found at www.munichre.com/board-of-management.

Diversity concept for the Supervisory Board

The Supervisory Board also has a diversity concept regarding professional and educational background, age, internationality and gender. Gender diversity is set out in the section regarding the Act on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions (FüPoG).

Members of the Supervisory Board must meet fitness and propriety requirements. These require that the Supervisory Board demonstrates an appropriate overall diversity of qualifications, knowledge and relevant experience in order to monitor the Company professionally and to actively oversee the Company's development.

In accordance with the Nomination Committee's list of criteria, with respect to professional training and education it must be ensured that the Supervisory Board has adequate knowledge, skills and experience in the markets, business

processes, competition and the requirements of reinsurance, primary insurance and investment in order to perform its duties properly. Additional appropriate knowledge of risk management, accounting, financial control and management accounting, asset liability management, law, regulatory supervision, compliance and taxation are also required. The list of criteria also includes a good overall understanding of the business model. The members must collectively be familiar with the sector in which the Company operates, and additional requirements will be defined on a case-by-case basis for specific tasks. At least one member of the Supervisory Board must have expertise in financial reporting or auditing.

The list of criteria also includes the personal qualities of members, as well as corporate and international experience. When proposing candidates for election to the Supervisory Board, the Supervisory Board generally only considers nominees aged 70 or under (age limit).

The Nomination Committee of the Supervisory Board selects candidates for the shareholder representatives based on a defined set of criteria, and prepares the Supervisory Board's proposed candidates for approval by the Annual General Meeting. It draws up a requirements and personality profile to be used in the selection process. The Annual General Meeting is provided with CVs of the respective candidates. Diversity is taken into account when selecting candidates, in particular as regards age, internationality and gender.

Half of the members of the Supervisory Board are elected representatives of Group employees in the European Economic Area. The employee representatives in the Supervisory Board are governed by special

co-determination rules under the Co-Determination Agreement. The Co-Determination Agreement also includes a list of criteria that is used as a basis for the election of employee representatives to the Supervisory Board. The bodies responsible for making election nominations to the European Electoral Board in accordance with the Co-Determination Agreement should take account of applicable rules, including the implementation of diversity requirements.

In its current composition, the Supervisory Board demonstrates diversity of professional training and education, and also has the overall knowledge, expertise and professional experience necessary for the proper performance of its duties. Members have diverse professional and educational focuses (including law, economics, mathematics, natural sciences, and commercial and insurance-specific training). The Board also includes management experience from various industries (including financial and insurance services, IT and telecommunications, automobile industry), as well as wide-ranging expertise in academia and politics. The different CVs and personalities within the Supervisory Board reflect the diverse duties of the Board.

Almost all members of the Supervisory Board also have international experience, and it includes members of different nationalities. This reflects the Company's international activities.

The average age of members of the Supervisory Board at the end of the 2017 financial year was 58; the youngest Board member is 44, and the oldest is 70. This means that there is a good age-mix in the Supervisory Board, and the age limit for election nominations is met.

The CVs of the members of the Supervisory Board can be found at www.munichre.com/supervisory-board.