



Munich Reinsurance Company
2022 Annual General Meeting
Report of the Chair of the Supervisory Board
Nikolaus von Bomhard

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Report of the Chair of the Supervisory Board, Nikolaus von Bomhard
28 April 2022*

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Check against delivery.*

Dear Shareholders,

In my remarks, I would like to address various topics that were of particular importance for Munich Re's Supervisory Board in the past financial year.

Key areas for the Supervisory Board

One of our focal points was the Company's international reinsurance activities. In addition to the Asia, Pacific and Africa regions, the Supervisory Board particularly focused on the core market of North America, including market developments and Munich Re's business prospects in that region.

We also paid special attention to the area of Risk Solutions. The focus here was on the market environment, our business strategy, and on embedding the latter in Ambition 2025. In his presentation, Mr. Wenning will discuss the Risk Solutions business, in particular its pleasing performance over the past financial year.

In addition, we also accompanied the Board of Management on various other strategic initiatives, especially in the area of digitalisation.

As always, the work of the Supervisory Board's committees played an important role.

Most recently, the Supervisory Board has been dealing with the situation in Ukraine. Mr. Wenning will go into more detail about the business implications of the geopolitical crisis in his address, though I would like to add that we are very concerned by this war of aggression. We hereby express our sincerest compassion for the suffering of the people of Ukraine.

Corporate Governance

In this past reporting year, we also dealt in depth with the topic of corporate governance; in other words with the good and responsible management. This issue is more important than ever. That is why we were very pleased to learn that, in December 2021, Munich Re had once again taken first place in the evaluation issued by the German Association for Financial Analysis and Asset Management ("DVFA"). We were able to maintain our top position in the broader group of DAX40 companies. According to the DVFA scorecard, Munich Re's corporate governance was rated as "Excellent". This rating was bestowed on no other company in the DAX40 family.

This is a wonderful recognition and at the same time a motivation for the Supervisory Board to continue developing corporate governance. At present, the focus is on appropriate measures to meet the challenges in the area of sustainability. In this context, we have sharpened the responsibilities of the Audit Committee with regard to ESG risks. In connection with agenda item 7, I would like to particularly emphasise the expansion of the tasks of the Standing Committee, which now regularly deals with sustainability-related topics. Because of this new focus, the Standing Committee is to be renamed the "Praesidium and Sustainability Committee". Setting up the Sustainability Committee is a clear commitment by the Supervisory Board to the topics of "Environmental", "Social" and "Governance". At the same time, this provides a robust framework to competently accompany sustainability initiatives of the Board of Management. Mr Wenning will discuss selected initiatives in his presentation.

Nevertheless, allow me to make one comment here in the context of sustainability: I have been observing that the expectations and legal requirements in this field have partially been exaggerated, for example in the EU taxonomy. In practice, it is almost impossible to meet all of the expectations. We have to strive to maintain a sense of proportion and – despite all the consensus on the important goal of sustainability – should not hinder the company's work with excessive or even nonsensical bureaucratic requirements.

Remuneration report

I turn now to the remuneration report, our agenda item 6.

The remuneration report is appearing in a new format for the first time. The Board of Management and Supervisory Board have prepared the report in accordance with the requirements of the Act Implementing the Second Shareholders' Rights Directive ("ARUG II"). The report will be submitted to the Annual General Meeting today for approval.

The report presents and explains the remuneration paid and owed individually to the current and former members of the Board of Management and the Supervisory Board, in the 2021 financial year.

The remuneration report contains all the information on the individual remuneration components, the basis for calculating the variable components, and the target achievement under the annual and multi-year bonus plans.

In addition to the information required by Section 162 of the German Stock Corporation Act (AktG), the remuneration report also contains additional voluntary information, marked as such, for reasons of completeness and transparency as well as to meet the expectations of our investors. For example, in the remuneration report for 2021 we have already provided information about the amounts of the bonuses that are expected to be paid to the members of the Board of Management in 2022. The underlying targets and target valuations for the bonus plans that end in the reporting year have also been disclosed one year in advance. This allows our shareholders to get a comprehensive picture, at an early stage, of the expected bonus payments in the context of the company's business success and the performance of the members of the Board of Management in the reporting year. Since 2022, the Board of Management's remuneration system provides for at least one concrete sustainability target. As can be taken from the current report, a reduction in carbon emissions, an increase in the proportion of women in management positions, and the timely implementation of internal audit recommendations have been set as targets for the Board of Management for the period 2022 to 2025. On a voluntary basis, we have also reported on the Board of Management's respective target remuneration and shareholdings, as well as provided information on remuneration ratios between the Board of Management and the workforce, which have not changed since last year.

To sum up: the remuneration report contains all the necessary information on the remuneration systems and the remuneration of both the Board of Management and the Supervisory Board.

From the company's perspective, the remuneration report for the 2021 financial year that has been submitted by the Board of Management and Supervisory Board for approval is clear and comprehensible, and complies with the requirements of Section 162 of the German Stock Corporation Act.

Election of the auditor

Allow me to say a few words about the election of the auditor, which is agenda item 5. Based on the recommendation of the Audit Committee and following a thorough examination and discussion, the Supervisory Board proposes to appoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, or "EY" for short, as the auditor. The quality of the audits performed by EY for the 2020 and 2021 financial years was assessed as very positive, based on a structured catalogue of criteria.

For the Supervisory Board, the professional qualifications and integrity of the members of the audit team are of central importance. The EY auditors assigned to Munich Re have demonstrated deep understanding and knowledge of Munich Re's business activities and, in the opinion of the Supervisory Board, have the necessary qualifications and experience to ensure a high-quality audit. EY's established quality assurance concept and their "Trust in Quality" programme launched in 2021 also played a positive role in the proposal. Finally, we are aware of no other grounds that would prevent the appointment of EY as auditor.

Personnel change

We have to bid farewell to our long-standing and greatly appreciated colleague Doris Höpke, who will be leaving the company on 30 April at her own request. Over many years and with great ability, Ms. Höpke not only significantly improved our business in the EU/LA region, but in her role as Labour Director also dealt with staff matters with a consistently steady hand. We thank Doris Höpke for her dedication and wish her all the best for the future.

Doris Höpke's departure also means that the Board of Management will be losing its only female member. The appointment of a new female Board of Management member at the next available opportunity is a high priority for the Supervisory Board. I know from regular discussions with Mr. Wenning that this is an important objective for him as well.

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