

# Statement on Corporate Governance for the 2018 financial year pursuant to Section 289f and Section 315d of the German Commercial Code (HGB)

Pursuant to Section 289f and Section 315d of the German Commercial Code (HGB), Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (Munich Reinsurance Company Joint-Stock Company in Munich) has, as a listed joint-stock company and parent company within the meaning of Section 289f(1) of the Commercial Code, issued the following Statement on Corporate Governance and Group Statement on Corporate Governance.

## Working procedures of the Board of Management

General information on the duties of the Board of Management is provided in the 2018 Group Annual Report (see page 16 f. of the Corporate Governance Report). Further information on corporate governance is available on our website at [www.munichre.com/cg-en](http://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 majority required to pass resolutions, is regulated by rules of procedure issued by the Supervisory Board. The full Board of Management decides on all matters that, either by law, or according to the Articles of Association or rules of procedure, require a resolution of 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, for tasks which constitute management functions or are of exceptional importance, and for 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 Board of Management committees ensure efficient work by the Board of Management: 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; these persons are Joachim Wenning and, until 31 December 2018, Jörg Schneider (from 1 January 2019: Christoph Jurecka). 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 serves as an executive committee with responsibility for important ongoing issues, in particular the approval of significant individual transactions.

### Reinsurance Committee

The Reinsurance Committee (RC) comprises the following members of the Board of Management: Torsten Jeworrek, Thomas Blunck, Doris Höpke, Hermann Pohlchristoph and Peter Röder. The Chief Financial Officer for the reinsurance field of business, Andrew Buchanan, is also a member. 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 Strategy Committee (StratC) comprises Joachim Wenning, Torsten Jeworrek, Markus Rieß and, until 31 December 2018, Jörg Schneider (from 1 January 2019: Christoph Jurecka). 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.

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 regularly, and as required. Only members of the Board of Management have voting rights on the committees. The committees are further governed by their respective rules of procedure, as adopted by the full Board of Management.

## 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 investments of the Group and the fields of business. Both the Group Risk Committee and the Global Underwriting and Risk Committee deal with risk management 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 responsibilities of the Supervisory Board 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

The Supervisory Board has set up six committees; the Standing Committee, the Personnel Committee, the Remuneration 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 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 11 f. of the Group Annual Report 2018 of Munich Re, and on the website at [www.munichre.com/supervisory-board](http://www.munichre.com/supervisory-board).

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. Furthermore, pursuant to Section 161 of the German Stock Corporation Act (AktG), the Standing Committee prepares the annual Declaration of Conformity with the German Corporate Governance Code for the Supervisory Board. It also prepares 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 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 preparing the the Supervisory Board's review of the separate non-financial statement. This includes preparing the selection and engagement of the auditor for a voluntary external audit of the separate non-financial (Group) statement.

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, ensures 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 the Remuneration Committee. The Committee has to approve loan transactions between the Company and members of the Board of Management and their related parties. It is similarly responsible for approving significant transactions between the Company (or its affiliated companies) and members of the Board of Management (and their related parties). 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. The Remuneration Committee is responsible for preparing the Supervisory Board's resolutions on the design and regular review of the remuneration system for the Board of Management, and on the total remuneration of the individual members of the Board of Management. The Remuneration Committee also prepares the Supervisory Board's resolutions regarding the assessment basis and objectives for the variable remuneration of the Board of Management, the assessment of objectives in cooperation with the Personnel Committee, the determination of the amounts to be paid, and the sections of the Board members' contracts relating to remuneration. 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 oversees the accounting and accounting process, and the appropriateness and effectiveness of the internal control system. It also oversees the appropriateness and effectiveness of the risk management system, the compliance management system (including whistleblowing), the actuarial function system and the internal audit system. 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 prepares decisions on the appointment of the external auditor, and makes recommendations in this regard to the full Supervisory Board. It also monitors the independence and quality of the audit 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 by 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.

The members are Henning Kagermann (Chair and independent financial expert), Ann-Kristin Achleitner, Christian Fuhrmann, Anne Horstmann and Bernd Pischetsrieder.

### Nomination Committee

The Nomination Committee is made up exclusively of shareholder representatives.

The Committee provides the Supervisory Board with names of suitable candidates that the latter can nominate for election at the Annual General Meeting. It has drawn up and agreed on 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 initial 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 2018 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)

Since making its last Declaration of Conformity in November 2017, Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München has complied and intends to continue to comply with all of the recommendations of the German Corporate Governance Code as amended on 7 February 2017 (published on 24 April 2017).

### 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. On the basis of the Code of Conduct, all staff members

undertake to comply with applicable laws and Munich Re 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 the Group. Staff members and third parties can use the portal to anonymously report any activity that may cause reputational damage, suspected contraventions of the law, especially financial crime (such as corruption offences, and money laundering), contraventions of antitrust law, insurance supervisory law, market abuse law, data protection law, and any serious breach of associated internal rules and regulations.

Further information on these topics is available on our website at [www.munichre.com/en/compliance](http://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 in all fields of business within 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 (PRI). 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 (PSI) – which Munich Re played an active role in formulating and which we signed in 2012 as one of the first signatories – serve as a guide for anchoring environmental, social and governance (ESG) aspects along the value chain in our core business.

Further information on these voluntary commitments is available on our Corporate Responsibility Portal at [www.munichre.com/cr-en](http://www.munichre.com/cr-en) and [www.munichre.com/voluntarycommitments](http://www.munichre.com/voluntarycommitments).

## Equal participation of men and women in management positions

As part of 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 to achieve 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.

In 2018, the percentage of women on the Board of Management was 12.5%. 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 the target quota for female participation at 4.0% for the first management level below the Board of Management, and 20.1% for the second management level below the Board of Management. Both targets are to be achieved by 31 December 2020.

The Supervisory Board and Board of Management based these targets on the proportions of women at the respective management levels as at 1 July 2016. Where the Act on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions is applicable to Group companies, the target figures for the proportion of women are generally also based on the status quo at the beginning of the 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 and internal criteria, at least 30% of seats on the Supervisory Board of Munich Reinsurance Company must be filled by women, and at least 30% by men.

On 31 December 2018, 55% of seats on the Supervisory Board of Munich Reinsurance Company were occupied by men and 45% by women, of which four women were shareholder representatives and five were employee representatives. This meets the minimum quota required by the Act.

Munich Reinsurance Company is also subject to a co-determination agreement, which was concluded based on 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

When appointing members of the Board of Management, the Supervisory Board is mindful of diversity in terms of professional and educational background, internationality, age, and gender. The aim is to ensure that the Board's composition is as diverse as possible, complementary, and strong as a whole. Gender diversity is described in the above comments on the Act on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions.

Members of the Board of Management bear individual responsibility for the divisions they head, and joint responsibility for overall management of the Company. In addition to the specific knowledge and experience required for each division, all Board members must have a sufficiently broad range of knowledge and experience in all areas of our business to ensure that they can monitor one another. The individual professional requirements for all Board of Management positions are set out 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 business field 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 degrees and vocational training (e.g. law, business and economics, mathematics). 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 diverse careers and personalities within the Board of Management express the versatility of our business model, and reflect the complex requirements faced by the Board.

The internationality on 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 the members of the Board of Management at the end of the 2018 financial year was 55; the youngest Board member is 52, and the oldest is 60. 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.

With the exception of aspects relating to remuneration, which are dealt with by the Remuneration Committee, preparation for the appointment of members of the Board of Management is the responsibility of the Personnel Committee of the Supervisory Board, which provides suggestions for suitable candidates to the full Supervisory Board. The Personnel Committee's considerations are based on the requirements of the Fit and Proper Policy, diversity aspects and the specification profiles of the respective candidates. In conjunction with the Board of Management, the Personnel Committee is also responsible for succession planning. Succession planning for the Board of Management is systematic and long-term. Some candidates are drawn from the Group's top talent pool, called the Group Management Platform. Care is taken to make sure that there is a balanced composition of experience, gender and internationality. The succession plan is continually updated at the annual Group Career Session by the participating heads of the fields of business.

Diversity is an important part of Munich Re's corporate culture. The tenets of diversity are set out in the Diversity Policy. This applies to all employees across the Group.

The Board members' CVs can be found at [www.munichre.com/board-of-management](http://www.munichre.com/board-of-management).

### Diversity concept for the Supervisory Board

The composition of Supervisory Board also follows a concept of diversity with regard to its members' professional and educational background, internationality, age, and gender. Gender diversity is described in the section regarding the Act on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions (FüPoG). The aim of the concept is to bring a pluralistic wealth of experience to the Supervisory Board through the interaction of members that have different professional and educational backgrounds and are diverse in terms of internationality, age and gender, thereby enhancing the Board's efficiency for the benefit of the Company.

Members of the Supervisory Board of Munich Reinsurance Company must meet fitness and propriety requirements. Overseeing the Company professionally and competently and actively accompanying its development demands an appropriate level of diversity on the Supervisory Board in terms of qualifications, knowledge and relevant experience.

According to the Nomination Committee's list of criteria, it must be ensured that, in terms of the professional and educational background of its members, the Supervisory Board as a whole 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, controlling, internal audit, asset-liability management, law, regulatory supervision, compliance and tax is also required. The list of criteria also includes a good overall understanding of the business model. Furthermore, the members must collectively be familiar with the sector in which the Company operates, and at least one member of the Supervisory Board must possess expertise in financial reporting or auditing. Any additional requirements for specific duties will be defined on a case-by-case basis.

The list of criteria also includes other personal qualities of Supervisory Board members, such 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 this list of criteria, and prepares the Supervisory Board's election proposals to the Annual General Meeting. It draws up a requirements and personality profile to be used in the selection process. Shareholders receive the detailed CVs of the respective candidates along with their invitation to the Annual General Meeting. When selecting candidates, care is taken to achieve diversity in terms of the composition of the Supervisory Board to ensure that the Supervisory Board as a whole fits the required competence profile.

Half of the members of the Supervisory Board are elected representatives of Group employees in the European Economic Area. The employee representatives on the Supervisory Board are governed by special co-determination rules under the Co-Determination Agreement. The Co-Determination Agreement also

specifies a list of criteria, including diversity, which serves as a basis for electing employee representatives to the Supervisory Board. The bodies responsible for making election nominations to the European Electoral Board under the Co-Determination Agreement should take these criteria into account within the limits prescribed by applicable regulations to ensure that the diversity and other requirements are met.

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 has management experience in various industries (including finance, insurance, IT, chemical, and automotive), as well as wide-ranging expertise in academia and politics. The different CVs and personalities within the Supervisory Board reflect the wide range of duties of the Board and meet the associated requirements.

Almost all members of the Supervisory Board have additional 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 2018 financial year was 59; the youngest Board member is 45, and the oldest is 71. There is thus a sufficient age range on 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](http://www.munichre.com/supervisory-board).