

Corporate governance report¹

Corporate governance stands for a form of responsible company management and control geared to long-term creation of value.

The German Corporate Governance Code contains the main legal rules to be observed by listed German companies. In addition, it includes recommendations and proposals based on nationally and internationally recognised standards of good and responsible management. We apply the highest standards to our operations and activities and therefore comply with all the recommendations and proposals of the German Corporate Governance Code. By adopting international guidelines such as the UN Global Compact, the Principles for Responsible Investment and the Principles for Sustainable Insurance, we further demonstrate our commitment to corporate responsibility.

Efficient practices on the Board of Management and Supervisory Board, good collaboration between these bodies and with the Group's staff, an organisational structure that fits the purpose of the Group, and efficient processes for conducting business are core elements of good corporate governance. They help to secure the confidence of investors, clients, employees and the general public in our corporate activities.

More information on corporate governance can be found at www.munichre.com/cg-en. There, you can also find the Statement on Corporate Governance in accordance with Sections 289f and 315d of the German Commercial Code (HGB) and the Declaration of Conformity by the Board of Management and Supervisory Board with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). The remuneration report can be found on page 29 ff. of the combined management report.

Corporate legal structure

Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (Munich Reinsurance Company) has three governing bodies: the Annual General Meeting, the Board of Management and the Supervisory Board. Their functions and powers are defined by law, the Articles of Association, the Co-determination Agreement applicable to Munich Reinsurance Company, and by rules of procedure and internal guidelines. Employee co-determination on the Supervisory Board is governed by the Co-determination Agreement concluded pursuant to the German Act on the Co-Determination of Employees in Cross-Border Mergers (MgVG). There, the principle of parity co-determination on the Supervisory Board has been strengthened by taking into account staff employed in the rest of Europe.

The supervisory requirements for (re)insurance companies, especially the German Insurance Supervision Act (VAG) and the European supervisory regulations (Solvency II implementing measures) are placing additional demands on corporate governance. They include specific rules on various issues such as business organisation or the qualifications and remuneration of members of the Board of Management, Supervisory Board members and other individuals.

Annual General Meeting

The Annual General Meeting regularly reaches a resolution on the appropriation of profits and approval of the actions of the Board of Management and Supervisory Board. Besides this, the Annual General Meeting elects the shareholder representatives on the Supervisory Board and, in particular, votes on changes to the Articles of Association and on individual capital measures. Certain corporate contracts also require the approval of the Annual General Meeting to become effective.

The principle of "one share, one vote" applies at the Company's Annual General Meeting. With the aim of making it easier for shareholders to take part and exercise their voting rights, the Company offers the possibility of postal and electronic voting as well as online participation in the Annual General Meeting.

The documents required by law for the Annual General Meeting will be available in conjunction with the agenda on the Munich Re website with effect from the day the AGM is convened. Shareholders who do not wish to attend the Annual General Meeting in person may also have their voting rights exercised at the Annual General Meeting by one of the proxies nominated by Munich Reinsurance Company. These proxies will exercise the voting rights solely in accordance with the instructions they receive from the shareholders. Power of attorney and instructions may also be issued to the Company proxies via the internet. In addition, shareholders may also follow the whole Annual General Meeting on the internet and change their instructions right up to the end of the general debate – provided they have issued power of attorney to the Company proxies.

Board of Management

Pursuant to Article 16 of the Articles of Association, the Board of Management consists of at least two members; beyond this, the number of members is determined by the Supervisory Board. When appointing the Board of Management, the Supervisory Board pays due regard to diversity. In 2018, the Board of Management of Munich Reinsurance Company comprised eight members – one woman and seven men.

The Board of Management is responsible for managing the Company, in particular for setting the Company's objectives and determining strategy. In doing so, it is obliged to safeguard Company interests and endeavour to achieve a sustainable long-term increase in the

¹ In accordance with Section 3:10 of the German Corporate Governance Code.

Company's value. It should take account of the interests of shareholders, employees, and other stakeholders of Munich Reinsurance Company. The Board of Management is responsible for effecting adequate risk management and risk control in the Company. It must ensure that statutory requirements and internal Company guidelines are observed, and works to achieve their compliance by Group companies.

Compliance

The Company's Group Compliance and Legal Division manages the compliance activities of Munich Re through Group-wide terms of reference, monitoring their implementation by means of the compliance management system (CMS). The CMS is the methodical framework for the structured implementation of early warning, risk control, consulting and supervision functions, as well as for the monitoring of legal frameworks.

At the instigation of the Board of Management, another channel has been established to complement the external, independent ombudsman and thus strengthen compliance within Munich Re: the compliance whistleblowing portal. Staff members and third parties can use the portal to report any activity that may cause reputational damage, or suspected contraventions of the law, especially financial crime (such as corruption offences or money laundering), antitrust law, insurance supervisory law, market abuse law, data protection law, and any alleged serious contraventions of associated internal rules and regulations.

Further information about compliance and the key features of the CMS can be found at www.munichre.com/en/compliance.

Collaboration between Board of Management and Supervisory Board

The Board of Management and the Supervisory Board cooperate closely for the benefit of the Company.

The Board of Management coordinates the Company's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with it at regular intervals. The Board of Management reports regularly and as needed to the Supervisory Board about all questions relevant to the Company. Beyond this, the Board of Management reports to the Audit Committee on specific topics falling within the latter's scope of responsibility. The Supervisory Board has defined the Board of Management's information and reporting obligations in detail. Specific types of transaction, such as certain investments and divestments, require the Supervisory Board's consent. The Supervisory Board's approval is also required for sideline activities assumed by members of the Board of Management, and for important transactions involving members of the Board of Management or persons or undertakings closely associated with them.

Supervisory Board

In compliance with Munich Reinsurance Company's Articles of Association, the Supervisory Board has 20 members. Half are representatives of the shareholders, elected by the Annual General Meeting. The other half are elected representatives of the Group's employees in the European Economic Area.

The Supervisory Board monitors the Board of Management and gives counsel where appropriate, but it is not authorised to take management action in place of the Board of Management. In accordance with a special rule applicable to (re)insurance companies, the Supervisory Board in particular also appoints the external auditor for the Company and Group financial statements and for the Half-Year Financial Report.

Objectives of the Supervisory Board concerning its composition and competences

In accordance with Section 5.4.1(2) of the German Corporate Governance Code, the Supervisory Board has set itself the following objectives concerning its composition and has defined requirements regarding the competencies of its members:

Competence profile

The Supervisory Board as a whole must have the necessary 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. Furthermore, the Board must have the overall required knowledge of risk management, accounting, financial control and auditing, asset liability management, law, regulatory supervision, compliance and taxation. The Members must collectively be familiar with the sector in which the Company operates, and have a good understanding of its business model. At least one member of the Supervisory Board must have expertise in accounting or financial reporting, and specific knowledge and experience in the application of accounting principles and standards. It should be ensured that the competence profile is met when persons are nominated to the Supervisory Board.

Internationality

As the Group operates internationally, it should be ensured that the Supervisory Board includes an appropriate number of members with international experience.

Independence

The Supervisory Board should have at least sixteen independent members within the meaning of Section 5.4.2 of the German Corporate Governance Code, including at least eight shareholder representatives. Members of the Supervisory Board should have no relevant conflicts of interest.

Diversity

The composition of the Supervisory Board should pay due regard to diversity of its members – especially in terms of professional background and education, internationality, age and gender. No change has been made to the objective of having at least 30% of Supervisory Board seats filled by women at the start of the next term of office. The diversity aspect should be taken into account at an early stage when selecting potential candidates for re-election or appointment to the Supervisory Board.

Length of membership and age limit

Future nominations of candidates for election to the Supervisory Board should also take into account that, as a rule, at the time of election no candidate should already have been on the Supervisory Board for a continuous period of more than ten years. Normally, Supervisory Board members should not serve on the Board for a continuous period of more than twelve years. In addition, nominated candidates should not be older than 70 years of age.

The aforementioned objectives apply to the Supervisory Board as a whole. Shareholder and employee representatives will each contribute towards meeting these objectives.

The Supervisory Board's Nomination Committee selects candidates for the shareholder representatives based on a defined set of criteria. Besides the objectives and competences mentioned, these criteria include a good overall understanding of the Company's business model, sufficient time availability, and specific skills and competence. The set of criteria also includes other personal qualities of the Supervisory Board members, such as corporate and international experience, a strong commitment to corporate governance and to a sustainable corporate strategy and business policy geared to creating long-term value for shareholders, strategic and problem-solving skills, and competence in dealing with change.

Additional requirements will be defined on a case-by-case basis for specific tasks to be handled by the Supervisory Board. The European Electoral Board, which is responsible for the election of the employee representatives, applies a corresponding set of criteria. In addition, the specific rules for co-determination apply.

Status of implementation of objectives and competence profile for the composition of the Supervisory Board

The Supervisory Board believes that it meets the above-mentioned objectives for its composition and competence profile. The members of the Supervisory Board have the required knowledge, expertise and experience to properly carry out their duties in the Supervisory Board, and are collectively familiar with the sector in which the Company operates. An adequate number of Supervisory Board members have the required level of international experience. Diversity aspects are adequately taken into account in the Supervisory Board. The members have different professional and educational credentials (such as a professional background in law, economics, mathematics, natural sciences, business and insurance). The Supervisory Board members also have management experience in various sectors (such as finance and insurance, IT, chemicals, the automobile industry), and extensive experience in academia and politics. The proportion of women on the Supervisory Board at the end of the 2018 financial year was 45%, so the objective of having at least 30% of the seats on the Supervisory Board filled by women is already exceeded.

The Supervisory Board is also of the opinion that all 20 of its members are to be regarded as independent within the meaning of Section 5.4.2 of the German Corporate Governance Code. The shareholder structure was taken into account. The Supervisory Board is not aware of any business or personal relationship between a member and the Company, its governing bodies, a controlling shareholder or an entity affiliated with such a shareholder, as a result of which a major and not only temporary conflict of interest could arise. The Supervisory Board assumes that the employee representatives on the Supervisory Board elected in accordance with the Act on the Co-Determination of Employees in Cross-Border Mergers and the Co-determination Agreement are independent as a matter of principle.

Share trading by Board members

If members of the Company's Board of Management or Supervisory Board or any persons closely associated with them undertake transactions with shares, debt instruments of Munich Reinsurance Company or with associated derivatives or other related financial instruments, these transactions must be immediately notified to the Company if the total amount of transactions carried out by the Board member or person closely associated with them totals or exceeds €5,000 within a calendar year.

Munich Reinsurance Company publishes information of this kind on its website without undue delay at www.munichre.com/en/managers-transactions.

Responsibilities and seats held by the Board of Management

Board of Management	Responsibilities	Seats ¹
Dr. oec. publ. Joachim Wenning Chairman of the Board of Management Chairman of the - Group Committee - Strategy Committee - Group Investment Committee	Group Holdings Group Strategy and M&A Group Communications Group Audit Economics, Sustainability & Public Affairs ³ Group Human Resources Group Executive Affairs Group Compliance and Legal (since 1 January 2019)	ERGO Group AG, Düsseldorf ² (Chair)
Dr. rer. pol. Thomas Blunck	Life and Health Capital Partners Digital Partners Reinsurance Investments	Munich Re Digital Partners Ltd., United Kingdom ² (Chair)
Dr. jur. Doris Höpke Labour Relations Director	Special and Financial Risks (until 31 July 2018) Europe and Latin America (since 1 August 2018) Human Resources	New Reinsurance Company Ltd., Switzerland ² (President)
Dr. rer. nat. Torsten Jeworrek Chairman of the - Reinsurance Committee - Global Underwriting and Risk Committee - Board Committee IT Investments	Reinsurance Development Corporate Underwriting Claims Accounting, Controlling and Central Reserving for Reinsurance Information Technology	ERGO Digital Ventures AG, Düsseldorf ² ERGO International AG, Düsseldorf ²
Hermann Pohlchristoph	Germany, Asia Pacific and Africa (until 31 July 2018) Asia Pacific and Africa (since 1 August 2018) Central Procurement Services	ERGO International AG, Düsseldorf ²
Dr. rer. pol. Markus Rieß	Primary insurance/ERGO Third-party asset management	ERGO Deutschland AG, Düsseldorf ² (Chair) ERGO Digital Ventures AG, Düsseldorf ² (Chair) ERGO International AG, Düsseldorf ² (Chair) MEAG MUNICH ERGO Kapitalanlage- gesellschaft mbH, Munich ² (Chair)
Dr. rer. pol. Peter Röder	Global Clients and North America Europe and Latin America (until 31 July 2018)	EXTREMUS Versicherungs-AG, Cologne Munich Re America Corporation, USA ² (Chair) Munich Reinsurance America Inc., USA ² (Chair)
Dr. jur. Jörg Schneider (until 31 December 2018) Chief Financial Officer Chairman of the Group Risk Committee Successor from 1 January 2019: Dr. rer. nat. Christoph Jurecka	Financial and Regulatory Reporting Group Controlling Integrated Risk Management Group Compliance (until 31 October 2018) Group Legal (until 31 October 2018) Group Compliance and Legal (1 November 2018 to 31 December 2018) Group Taxation Investor and Rating Agency Relations	MEAG MUNICH ERGO Kapitalanlage- gesellschaft mbH, Munich ²

¹ As at 31 December 2018; seats held on supervisory boards of German companies and memberships of comparable bodies of German and foreign business enterprises.

² Own Group company within the meaning of Section 18 of the German Stock Corporation Act (AktG).

³ Including responsibility for environmental, social and governance (ESG) issues.

Supervisory Board and seats held by members of the Supervisory Board

Supervisory Board ¹	Membership of committees	Seats ²
<p>Dr. Ing. E. h. Dipl. Ing. Bernd Pischetsrieder Chairman Member since 17 April 2002, last re-elected 30 April 2014</p>	<p>Standing Committee Personnel Committee Audit Committee Nomination Committee Conference Committee Remuneration Committee (since 1 January 2018)</p>	<p>Daimler AG, Stuttgart⁴ Tetra Laval Group, Switzerland</p>
<p>Marco Nörenberg Deputy Chairman Employee of ERGO Group AG Member since 22 April 2009, last re-elected 30 April 2014</p>	<p>Standing Committee Conference Committee</p>	<p>ERGO Group AG, Düsseldorf³</p>
<p>Prof. Dr. oec. Dr. iur. Dr. rer. pol. h.c. Ann-Kristin Achleitner Scientific Co-Director of the Center for Entrepreneurial and Financial Studies (CEFS) at the Technical University of Munich Member since 3 January 2013, last re-elected 30 April 2014</p>	<p>Audit Committee Nomination Committee Remuneration Committee (since 1 January 2018)</p>	<p>Deutsche Börse AG, Frankfurt⁴ (until 8 May 2019) Linde AG, Munich^{4,7} (until conclusion of the envisaged squeeze-out of the company) Linde plc, Ireland^{4,7} Engie S.A. (formerly GDF SUEZ S.A.), France⁴</p>
<p>Dr. rer. pol. Kurt Wilhelm Bock Chairman of the Board of Management of BASF SE (until 4 May 2018) Member of the Supervisory Board of Munich Reinsurance Company Member since 25 April 2018</p>		<p>Fresenius Management SE, Bad Homburg Bayerische Motorenwerke AG, Munich⁴</p>
<p>Clement B. Booth Member of the Board of Directors of Hyperion Insurance Group, United Kingdom Member since 27 April 2016</p>		<p>Euroassekuranz Versicherungsmakler AG, Regensburg (Chair) Hyperion Insurance Group Ltd., United Kingdom</p>
<p>Frank Fassin Regional Section Head Financial Services, ver.di North Rhine-Westphalia Member since 22 April 2009, last re-elected 30 April 2014</p>		<p>ERGO Group AG, Düsseldorf³ Provinzial NordWest Holding AG, Münster</p>
<p>Dr. jur. Benita Ferrero-Waldner Partner in the law firm of Cremades & Calvo Sotelo, Spain Member since 12 February 2010, last re-elected 30 April 2014</p>		
<p>Christian Fuhrmann Head of Divisional Unit, Munich Reinsurance Company Member since 22 April 2009, last re-elected 30 April 2014</p>	<p>Audit Committee</p>	
<p>Prof. Dr. rer. nat. Dr. h.c. Ursula Gather Rector of TU Dortmund University Member since 30 April 2014</p>		<p>thyssenkrupp AG, Essen⁴</p>

See table on next page for footnotes

Supervisory Board ¹	Membership of committees	Seats ²
Gerd Häusler Member of the Supervisory Board of Auto1 Group SE, Munich Member since 30 April 2014	Standing Committee	Auto1 Group S.E., Munich
Dr. iur. Anne Horstmann Employee of ERGO Group AG Member since 30 April 2014	Audit Committee	ERGO Group AG, Düsseldorf ³
Ina Hosenfelder Employee of ERGO Group AG Member since 30 April 2014		
Renata Jungo Brüngger Member of the Board of Management of Daimler AG Member since 3 January 2017		
Prof. Dr. rer. nat. Dr. Ing. E. h. Henning Kagermann Chair of the Board of Trustees of acatech – German Academy of Science and Engineering Member since 22 July 1999, last re-elected 30 April 2014	Standing Committee Personnel Committee Audit Committee Nomination Committee Conference Committee	Deutsche Post AG, Bonn ⁴ KUKA AG, Augsburg ⁴
Beate Mensch Trades Union Secretary, ver.di, Hessen Member since 30 April 2014		
Ulrich Plottke Employee of ERGO Group AG Member since 30 April 2014		ERGO Group AG, Düsseldorf ³
Andrés Ruiz Feger Employee of Munich Re, Sucursal en España, Spain Member since 22 April 2009, last re-elected 30 April 2014	Standing Committee	
Gabriele Sinz-Toporzyssek Employee of ERGO Beratung und Vertrieb AG Member since 30 April 2014		ERGO Beratung und Vertrieb AG, Düsseldorf ³
Dr. phil. Ron Sommer Chairman of the Supervisory Board of MTS OJSC, Russia Member from 5 November 1998 until 25 April 2018		PrJSC MTS, Ukraine (Chair) Sistema PJSFC, Russia ^{4,5} Tata Consultancy Services Ltd., India ^{4,5}
Angelika Wirtz Employee of Munich Reinsurance Company Member since 30 April 2014	Personnel Committee Conference Committee Remuneration Committee (since 1 January 2018)	
Dr. iur. Maximilian Zimmerer Member of the Supervisory Board of Munich Reinsurance Company Member since 4 July 2017		Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn (Chair) Möller & Förster GmbH & Co. KG, Hamburg (Chair of Advisory Council) ⁶

1 As at 31 December 2018.

2 Seats held on supervisory boards of German companies and memberships of comparable bodies of German and foreign business enterprises.

3 Own Group company within the meaning of Section 18 of the German Stock Corporation Act (AktG).

4 Listed on the stock exchange.

5 As at the date of departure.

6 Membership of a non-statutory supervisory board.

7 Belong to the same corporate group (Linde group).