

Munich Re's Statement on the Australian Modern Slavery Act

This statement is made pursuant to Part II, section 14 of the Australian Modern Slavery Act 2018 and constitutes Munich Re's joint Modern Slavery statement for the financial year ending 31 December 2021 for the following entities:

- Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München ("MR AG") (ABN: 90 009 763 526)

And its wholly owned subsidiaries:

- Munich Holdings of Australasia Pty Limited ("MHA") (ABN: 80 000 159 651)
- Munich Reinsurance Company of Australasia Limited ("MRA") (ABN: 51 004 804 013)
- Great Lakes Insurance SE ("GLISE") (ABN: 18 964 580 576)

The organisation's structure, its business and its supply chains

MR AG is the ultimate parent of the Munich Re Group which operates from more than 50 locations around the world. Munich Re (Group) is one of the world's leading risk carriers and provides both insurance and reinsurance under one roof. This enables the Group to cover large stretches of the value chain in the risk market. The majority of the reinsurance units operate under the uniform brand of Munich Re. The majority of Munich Re's investments are managed by Munich ERGO Asset Management GmbH ("MEAG"), which also offers its expertise to private and institutional investors outside the Group.

In reinsurance, we operate in life, health and property-casualty business. Under reinsurance, we also include specialised primary insurance activities that are handled by the reinsurance organisation and business from managing general agencies (MGAs). Munich Re does business with over 4,000 corporate clients from more than 160 countries. We write our business in direct collaboration with primary insurers, but also via brokers and within the framework of strategic partnerships. In addition to traditional reinsurance business, we participate in insurance pools, public-private partnerships, business in specialist niche segments, and as a primary insurer.

MR AG writes non-life reinsurance business in Australia primarily through its Australian Branch ("MRAU"). Life reinsurance business is conducted via MRA. GLISE maintains an Australian branch, Great Lakes Australia ("GLA"), offering primary insurance. MRAU, and GLA are authorised by the Australian Prudential Regulation Authority (APRA) to operate as general insurers in Australia. MRA is authorised by APRA to operate as a life insurer in Australia. MHA acts as a holding company for MRA and employs all staff in Australia.

As a globally operating organisation, Munich Re procures many different goods and services throughout the world. By purchasing at best total value in terms of quality, time and cost, while ensuring compliance at all times, the procurement functions throughout the Group seek to deliver a substantial and lasting contribution to the success of Munich Re. Munich Re has established a process for identifying, analysing, assessing, and managing potential risks of modern slavery within our supply chains, which we describe in more detail for all identified dimensions below.

All "Munich Re" processes and rules described below apply to Munich Re AG including its branches and representative offices and including the affiliated companies as mentioned above. Measures that apply only to GLISE are described as such.

Munich Re's policies in relation to slavery and human trafficking

At Munich Re, our business model is based on responsible, sustainable, and forward-looking action over the long term. We regard the protection of human rights as a particular obligation, one that we strive to meet in line with internationally accepted human rights principles. It is part and parcel of our approach to corporate governance, which embeds economic, environmental, and social requirements into our definition of success. The Board of Management has confirmed this commitment by clearly stating Munich Re's declaration of principles on human rights (it can be found on the [Munich Re website](#)).

Therefore, Munich Re is committed to upholding human rights duty of care along the value chain and to respecting internationally recognised human rights. In signing the UN Global Compact, we have committed ourselves to the following principles:

- To support and respect the protection of international human rights within our sphere of influence;
- To take precautions to ensure that the Group is not complicit in human rights abuses such as human trafficking;
- To uphold freedom of association and the effective recognition of the right to collective bargaining,
- To avoid any forms of forced and compulsory labour and child labour; and
- To aim to provide employment and workplaces that are free from discrimination.

In addition to our commitment to this standard and others specified by the Principles for Sustainable Insurance (PSI), and the Principles for Responsible Investment (PRI), Munich Re is committed to respecting human rights as defined in the following human rights-specific principles:

- UN Guiding Principles on Business and Human Rights
- International Bill of Human Rights, consisting of the:
 - Universal Declaration of Human Rights
 - International Covenant on Civil and Political Rights
 - International Covenant on Economic, Social and Cultural Rights
- ILO Declaration on Fundamental Principles and Rights at Work

Munich Re's risk management processes in relation to slavery and human trafficking in its business and supply chains

Munich Re has committed to observing its duty of care on human rights along its value chain, and to respect internationally recognised human rights. To this end, we developed the following processes for human rights compliance in 2018, and these have been reviewed each year since then:

- Commitment of the Board of Management to respect human rights
- Identifying and assessing human rights risks and impact
- Implementing measures and monitoring
- Reporting and communication
- Remedy and grievance mechanism

Assessment of human rights risks

Munich Re's management strives to prevent potential adverse impact on human rights arising from its business operations. To identify such impact, the following four dimensions have been defined: employees, procurement, our core business of insurance and reinsurance, and investment.

As regards our insurance business and investment, we take environmental, social and governance (ESG) criteria (including the observance of human rights) into account as part of the risk assessment and decision-making processes, which is regulated by specific guidelines.

In addition to the ESG guidelines, we have created a risk mapping tool for human rights. The tool considers the following topics when mapping risks by country: child labour and forced labour, human trafficking, discrimination based on gender, sexuality, or religion, working conditions (wages, working hours, occupational health and safety, collective bargaining and freedom of association), threats to communities and indigenous people, restrictions on people's liberty or freedom, and international and domestic conflicts. On the subject of sector risks, the tool focuses on working conditions, child labour and forced labour, occupational health risks, and the sources of commodities.

Measures to manage human rights risks in Munich Re's supply chains

a) Measures for each risk dimension

For each of the four risk dimensions we have defined (employees, procurement, our insurance business and investment management), we have implemented tools to guide our decision-making in line with conscientious management practices.

Employees

As an employer, we are committed to complying with international human rights standards and creating adequate working conditions for our staff like transparent remuneration conditions, an extensive company health management framework with a wide range of healthcare options, comprehensive employee assistance programmes, as well as flexible working conditions and working-time models.

Our Code of Conduct, as a set of binding rules for all our staff members, explicitly states that Munich Re does not tolerate any kind of discrimination in respect of employment and occupation and upholds the freedom of association and the effective recognition of the right to collective bargaining.

Procurement

In our procurement decisions and activities, we aim to adhere to compliance principles and thus assume corporate responsibility along the value chain. Environmental, social and governance (ESG) criteria play an important role for us in the procurement of goods and services.

We have established appropriate procurement principles for working with our suppliers. Based on the principles of the UN Global Compact, our procurement principles help protect human rights, prohibit forced labour and child labour, and uphold both freedom of association and the right to collective bargaining. Furthermore, they forbid corruption and enforce environmental protection. Accordingly – and as a requirement for cooperation – Munich Re expects its business partners to likewise commit to those of our principles that explicitly cover human rights and labour standards. In addition to this, we built a global core model for digital supplier management and went live with the solution at our Munich headquarters in 2020.

Procurement departments at Munich Re are responsible for including relevant corporate responsibility clauses in supplier agreements. In Reinsurance we obligate our suppliers to recognise the UN Global Compact. In 2021, compliance with UNGC criteria was anchored in approximately 80% of our framework agreements for reinsurance. Should an infringement occur during the term of contract with one of our suppliers, we will actively seek dialogue with our contracting parties in an effort to remedy any deviations from our guidelines. If this does not prove successful, Munich Re reserves the right of extraordinary termination for good cause.

(Re-)insurance

Munich Re has set out, in underwriting guidelines, how underwriters and client managers are to handle ESG risks in insurance business.

In the insurance business, sensitive business issues or sectors have been identified in which social aspects, including human rights, are taken into account in the risk assessment. Mandatory guidelines and best practices relevant to human rights, among others, have been developed for these issues. For example, the exclusion of anti-personnel mines and cluster munitions (banned weapons) is mandatory in both primary insurance and reinsurance.

If the assessment of a potential transaction by our Corporate Underwriting and Sustainability Departments comes to the conclusion that there is significant reputational risk, the issue is escalated to the Reputational Risk Committee, which then takes a decision, possibly rejecting the risky course of action.

GLISE operates an agency model for accessing insurance business but recognises delegated authority can present greater risk due to the operational separation of such arrangements. GLISE includes contractual obligations on agents to not commit any criminal activity. It also expressly instructs agents to exercise care and skill in sub-delegating or performing their duties. The need for personnel to have professional qualification and experience is part of this duty, which is accepted to reduce the likelihood of working conditions that could constitute an offence. Our Agency function conducts due diligence when onboarding (re)insurance business and any concerns around modern slavery or human trafficking are escalated. Our dedicated Agency Audit function also includes the topic of Modern Slavery to the scope of audits.

Investment

We take a responsible investment approach by observing the Principles for Responsible Investment (PRI) and our Group-wide Responsible Investment Guidelines (RIG). Sensitive issues that could lead to reputational risks are dealt with in adherence to management and compliance processes as well as through specific Reputational Risk Committees (RRCs).

Within the framework of responsible investment, government bonds and bonds of government-related institutions with an MSCI ESG rating of "CCC" are generally excluded, as they exhibit high risks with regard to socio-economic and political factors and also to their use of natural resources. Among other things, the MSCI Government Ratings take human rights into account.

As a responsible investor, the international conventions relating to anti-personnel mines and cluster munitions (banned weapons) are supported and investments in shares and bonds of companies who are active in these areas are excluded. When making direct infrastructure investments, we assess new investments within the due diligence process using a catalogue of ESG criteria (including, for example, climate, biodiversity, and human rights).

b) General measures

Monitoring systems help us examine the effectiveness of our measures. We strive to continually improve our processes of due diligence and expand our screening of risks. For the monitoring in (re-)insurance business and investment, we use renowned external ESG databases to subject sensitive projects to a review (also with regard to human rights criteria where applicable). The active tender process of GLISE is periodically reviewed at contract renewal, where a supplier's ethics and risk of modern slavery and human trafficking offences are part of GLISE's overall consideration to conduct business. The review of the Corporate Responsibility clause in Munich Re's procurement contracts and the contractually guaranteed possibility of termination in the event of violations is carried out by our Compliance Department.

The compliance **whistleblowing portal** of Munich Re allows employees, clients, suppliers and other business partners to report potential or actual human rights violations. Whistleblowers can access the portal by using the internal web or the publicly accessible Munich Re website. Employees can also report incidents to their direct managers or the Compliance Officer. This means that relevant information can be passed on safely, confidentially and, if desired, anonymously, worldwide and around the clock.

The platform can be used to report possible violations involving corruption, financial sanctions, fraud, antitrust, regulatory framework, money laundering, tax compliance, sales compliance, insider trading and data protection, and also those related to human rights or personnel (e.g. gender discrimination, sexual harassment, diversity or violations of the principle of equal treatment). Munich Re's whistleblowing portal is currently adding local whistleblowing channels to comply with the EU Whistleblowing Directive (No. 2019/1937).

The Compliance department investigates a matter if we become aware of a possible human rights violation. The investigations to be initiated and the procedure are defined and set out in an internal set of rules. Every possible case of misconduct is investigated and clarified. If we learn of human rights violations in an existing contractual relationship, we enter into dialogue with the relevant stakeholders.

Training and capacity building on slavery and human trafficking

In order to raise staff awareness and familiarise them with the key compliance rules and help them understand the importance of following these rules at work at all times, employees recertify their knowledge of the Code of Conduct regularly. This training course includes information on topics such as the German General Act on Equal Treatment, reporting of infringements, data protection and corruption.

In the reinsurance sector, our sustainability experts coordinate the implementation of the Principles for Sustainable Insurance (PSI) and the integration of ESG aspects in our reinsurance business. With this in mind, these experts provide relevant training for managers, underwriters and client managers in the different divisional units. In addition, a network of ESG coordinators was established in the reinsurance segment.

Employees responsible for human rights issues within the Group regularly attend external seminars and webinars in order to deepen their knowledge. Munich Re is also an active member of the Peer Learning Group of the German Global Compact Network.

Process of consultation

MR AG maintains a series of measures to ensure consistency across the Munich Re Group. The majority of Munich Re Group **investments** are managed centrally by MEAG. Our Corporate Underwriting department conducts regular audits to ensure that all applicable rules and guidelines in **(re-)insurance business** are adhered to in entities worldwide. The group-wide **Human Resources** and **Procurement** Policies of Munich Re constitute a binding set of rules for entities worldwide. With the help of Group-wide reporting lines and control principles, compliance with these binding rules is ensured by local units.

MR AG has engaged with senior leaders from the subsidiary reporting entities, MHA, MRA and GLISE outlining the Munich Re Group approach for identifying and assessing modern slavery risks and these senior leaders have reviewed this statement prior to its publication.

Activities in the financial year 2021

We will continue to work on the implementation of human and labour rights aspects and to consider our obligations under the Australian Modern Slavery Act 2018.

- In 2021 we developed "ESG Basics", a new Group-wide ESG awareness-raising measure aimed at all employees. It includes the ESG criteria relevant to our business success, such as climate and environmental aspects, social criteria such as working conditions and human rights, and compliance and governance requirements. Further, we plan to continue to provide customised ESG training formats for our employees in the core insurance business, for example, to provide our underwriters with the best possible support when underwriting risks.
- The core model for digital supplier management will be rolled out globally over the next three years, and will enable us to improve accessibility, acceptance and documentation of the UN Global Compact Principles throughout our global supply base in the reinsurance segment. Through use of the global core model and the associated standardised supplier onboarding/contracting process, UNGC coverage is expected to reach 95% in the medium term in the reinsurance segment.
- The human right to health was obviously still a particular concern for Munich Re in 2021. Our comprehensive hygiene concept protect staff against infection with SARS-CoV-2 through a variety of work-safety measures. The regionally implemented plans included e.g. strict rules for behaviour in office buildings (including meeting rooms, restrooms, cafeterias and canteens), mandatory wearing of mouth and nose protection, guidance for unavoidable business travel including quarantine rules, and many more measures. This hygiene concept was continuously adapted to the current pandemic situation across all locations worldwide. Munich Re made it

possible for a large part of the workforce to work from home. Increased flexibility in working hours has enabled parents to balance childcare, home schooling and work while following all social distancing rules.

- In addition, the Act on Corporate Due Diligence in Supply Chains (Supply Chain Due Diligence Act – Lieferkettensorgfaltspflichtengesetz – LkSG), passed by the German Bundestag in June 2021, obliges German companies with more than 3,000 employees to comply with human rights and environmental due diligence requirements in an appropriate manner in their supply chains as of the 2023 financial year. All forms of affiliated enterprises (within the meaning of Section 15 of the AktG) are covered. For the relevant areas, we will analyse the existing internal processes for human rights compliance by 2023 in order to meet the legal requirements. Accordingly, a Group-wide project has been launched.

This Statement has been approved by the Board of Management of MR AG on 20 May 2022.

Munich, 30 June 2022



Dr. Joachim Wenning
Chairman of the Board of Management
Munich Re

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