



MEAG Engagement Policy

December 2024

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1 Preamble

This policy applies to MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH (MEAG KAG) as well as MEAG MUNICH ERGO AssetManagement GmbH (MEAG AMG) and governs MEAG's (MEAG KAG and MEAG AMG, together "MEAG") engagement approach.

When implementing the present engagement policy, MEAG takes into account and complies with all relevant laws and regulations that apply to it, including antitrust laws. MEAG thus never coordinates its investment or divestment behaviour with other investors or shares sensitive information with competitors.

The content of the present engagement policy constitutes the copyright of MEAG. Nothing in this document shall create any civil liability of MEAG towards any party or stakeholder.

2 MEAG's Engagement Approach

2.1 Mission

It is MEAG's fiduciary duty to protect and enhance the value of client assets through its investment approach. MEAG optimizes returns for clients by stringently managing risks and investing in attractive asset classes that enable sustainable growth. In this context MEAG believes that sustainability, encompassing environmental, social and governance (ESG) matters, can influence investment performance. For example, climate protection, biodiversity, employee matters, respect for human rights and the fight against corruption and bribery can present risks and opportunities for companies and assets and their associated investment values. As such MEAG's ESG approach pursues three objectives:

- Management of financial risks posed by ESG aspects
- Consideration of principal adverse impacts of our investments on sustainability factors
- Promoting sustainability-related goals of investors.

The active dialogue (engagement) with investee companies (portfolio companies) is an essential tool, contributing to the achievement of MEAG's ESG objectives and protecting and enhancing investment value. As an active fiduciary MEAG influences portfolio companies through engagement in a structured and systematic way on their ESG-related risks and environmental and social impacts. Through its engagements MEAG aims to ensure portfolio companies address material ESG risks and take actions to mitigate actual or potential negative impacts on the investment value (outside-in). By advocating for improved ESG performance at the portfolio company-level, MEAG's engagements can also positively influence the global sustainability agenda, e.g., drive positive outcomes on climate change and human rights (inside-out).

2.2 Engagement within Stewardship at MEAG

Engagement, alongside proxy voting, constitutes a key pillar in MEAG's stewardship approach. Engagement is a tool used in investment management to improve the extent to which ESG issues are addressed at the company level by actively influencing the portfolio company.

MEAG's definition of stewardship as well as of engagement follows the approach taken by the investor initiative "Principles for Responsible Investments" (PRI), a non-profit working to embed responsible investment practices, with the aim of enhancing returns and improving risk management.

Stewardship: "The use of influence by institutional investors to maximize overall long-term value including the value of common economic, social and environmental assets, on which returns and clients' and beneficiaries' interests depend".¹

Proxy Voting: "Exercising voting rights on management/shareholder resolutions (and submitting resolutions), to formally express approval (or disapproval) on relevant matters".¹

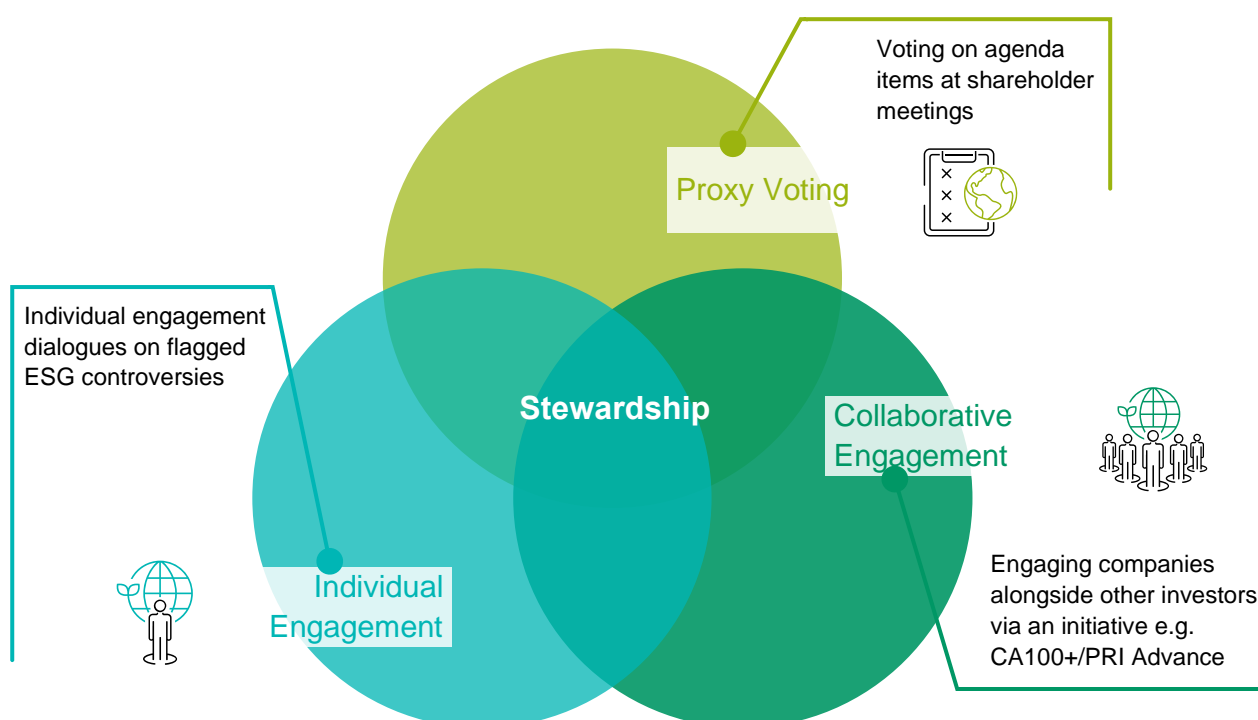
¹ PRI, 2021

Engagement: “The interactions between an investor and current or potential investees/issuers, in order to: improve practice on an ESG issue, change a sustainability outcome in the real world or improve public disclosure”.²

MEAG’s Approach

At MEAG engagements are carried out individually on ESG controversies and for alternative assets and collaboratively on climate and human rights issues.

To further influence the ESG performance of portfolio companies, MEAG also exercises its shareholder rights via proxy voting. For existing engagements MEAG ensures that its voting behaviour supports relevant engagement objectives. Furthermore, voting can be used as a tool for escalation where engagement fails or stalls.



The responsibility for MEAG’s engagement approach and its delivery lies with the ESG & Sustainable Finance department, and specifically with its Center of Competence for Stewardship.

Currently engagements focus on the topics of climate, human rights and ESG controversies and are primarily conducted for public markets investments. However, climate engagements also cover alternative assets.

MEAG’s engagements are designed in a cooperative manner, enabling a constructive dialogue between the relevant stakeholders and aiming to support progress. Stakeholders include portfolio companies as well as co-investors, project partners or other actors in the extended value chain of the portfolio company. MEAG’s engagements also involve the views of external stakeholders and experts, e.g., communities and right-holders, or their representatives, as well as NGOs, think tanks and investor alliances. While meetings, virtually or in person, are the main channels of communication, public statements, emails or letters can also be deployed to advance engagement objectives.

To track engagement progress MEAG is continuously working on its reporting capabilities, e.g. by developing an IT-based engagement reporting tool. For MEAG’s reporting, an engagement is counted as the number of

² PRI, 2021

addressed engagement cases per company and not as the number of contacts per case. For collaborative engagements a long-term commitment, i.e. two years minimum, is required.

Individual Engagements: MEAG currently conducts individual company dialogues for:

- selected MEAG retail funds³,
- in the context of MEAG's PAI (Principal Adverse Impact) consideration approach, and
- with alternative assets on climate issues.

The scope of individual engagements is subject to an ongoing review and might be extended in future.

For the selected retail funds, namely "*MEAG Nachhaltigkeit*", "*MEAG FairReturn*", "*MEAG EuroBalance*" and "*ERGO Vermögensmanagement Flexibel/Ausgewogen/Robust*", engagements may be triggered through the quarterly portfolio controversy analysis applied to these funds. MEAG uses external ESG controversy databases (MSCI) for the analysis and focuses on companies affected by a MSCI 'orange-flag' controversy, i.e. very severe' or 'severe' cases⁴. Where a relevant controversy is assessed as material, current and not sufficiently addressed by the portfolio company, engagement is considered as a response. MEAG's Center of Competence for Stewardship enters into dialogue with portfolio companies where MEAG believes engagement can contribute to an improvement of the situation.

Individual engagements may also be started in the context of MEAG's portfolio PAI-consideration approach, particularly in relation to PAI indicator 10, i.e. UN Global Compact (UNGC)/Organisation for Economic Co-operation and Development (OECD) norms violations. A portfolio analysis of relevant companies, i.e. those affected by a MSCI red-flag controversy, is undertaken quarterly. Engagements are initiated where further information is required to finalize the assessment or where MEAG believes dialogue will drive improvement towards remediation.

For alternative asset classes MEAG is undertaking engagements with focus on climate issues. Assets are selected for engagement in line with MEAG's established engagement process, i.e. prioritized according to an ESG performance and materiality assessment, conducted for the relevant portfolios. Data for the analysis, e.g. on asset CO₂-emissions or the asset transition strategy, is sourced internally and externally, including from specialized ESG-data providers (TAUW). For further details on MEAG's engagement process and materiality evaluation criteria please see section 4.

Collaborative Engagements: MEAG believes that engaging companies in collaboration with other investors enhances dialogue outcomes and impacts. Collaborative engagements benefit from pooled investor expertise and resources. As such MEAG engages companies through collaborative, issue specific investor initiatives.

To drive performance on climate, MEAG works with the Climate Action 100+ (CA100+) initiative. CA100+ is the largest global, collaborative, investor-led initiative, engaging the world's largest greenhouse gas (GHG) emitters (currently 168 companies) on actions to combat climate change or to mitigate its impacts.

On human rights issues, MEAG works with PRI's collaborative stewardship initiative 'Advance'. The initiative aims at protecting and enhancing risk-adjusted investment returns by promoting progress on human rights. Advance currently focuses on engagements with 40 companies from the extractives, utilities and renewables sectors.

3 Goals and Ambitions

MEAG has committed to its parent company "Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München" (Munich Re) to deliver at least 20 engagements with the largest GHG emitters in its portfolio by 2025. Through these engagements MEAG supports Munich Re's commitments with the United Nations Net Zero Asset Owner Alliance (NZAOA). The NZAOA is a member-led initiative of asset owners committed to

³ Referring to MEAG UCITS funds which consider Principal Adverse Impacts of investment decisions as part of their investment strategies, as further described in relevant disclosures according to Art. 8 SFDR.

⁴ Controversies refer to an event/ongoing situation in which company operations and/or products allegedly have a severe negative ESG impact.

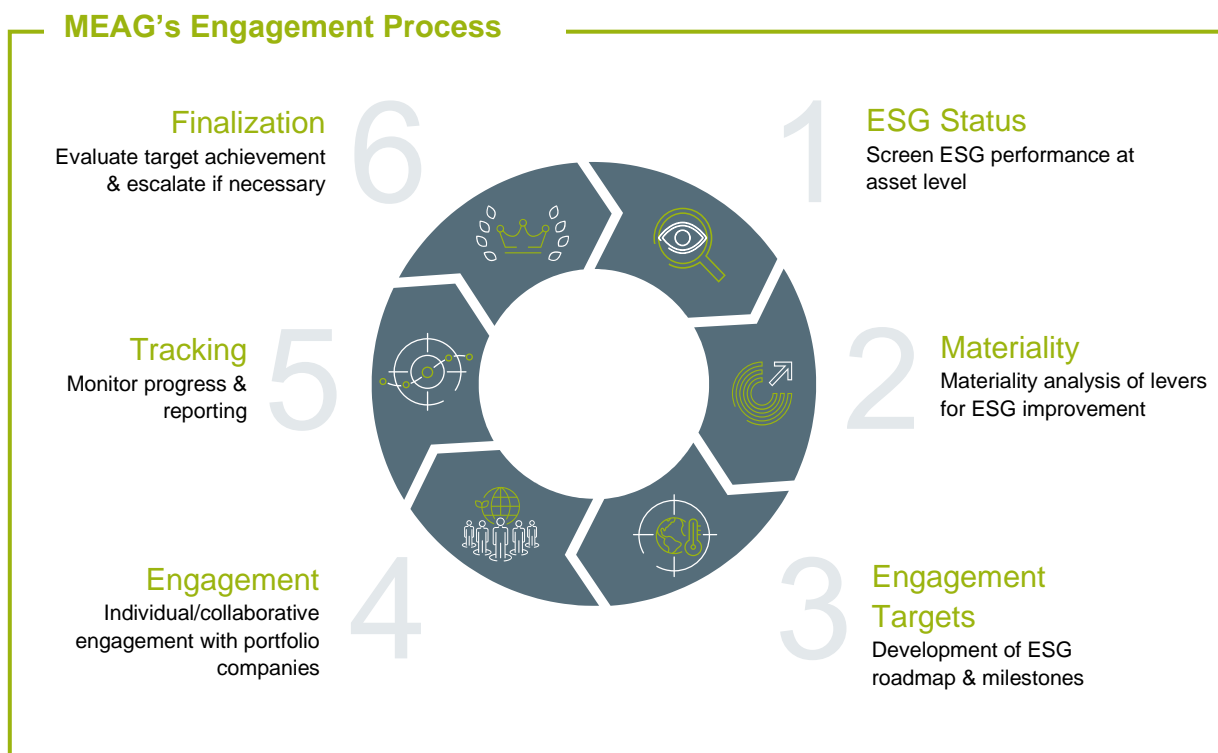
transitioning their investment portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C.

To further integrate the benefits associated with stewardship and engagements in its investment approach, MEAG has additionally set itself an ambition to conduct at least a total of 50 individual and collaborative engagements by 2025. Aside from the CA 100+ engagements, which are delivering on Munich Re's NZAOA commitments, the following activities are contributing to the achievement of MEAG's ambition: human rights engagements through the PRI Advance initiative as well as individual engagements on ESG controversies and on climate issues within alternative assets.

Beyond the current focus on the topics of climate, human rights and ESG controversies, MEAG wants to continuously expand its engagement activities. For example, currently MEAG is developing its approach to biodiversity and integrating sovereigns as a new asset class in its activities.

4 Engagement Process

MEAG's Center of Competence for Stewardship has established a structured and transparent process to deliver its engagements across all asset classes.

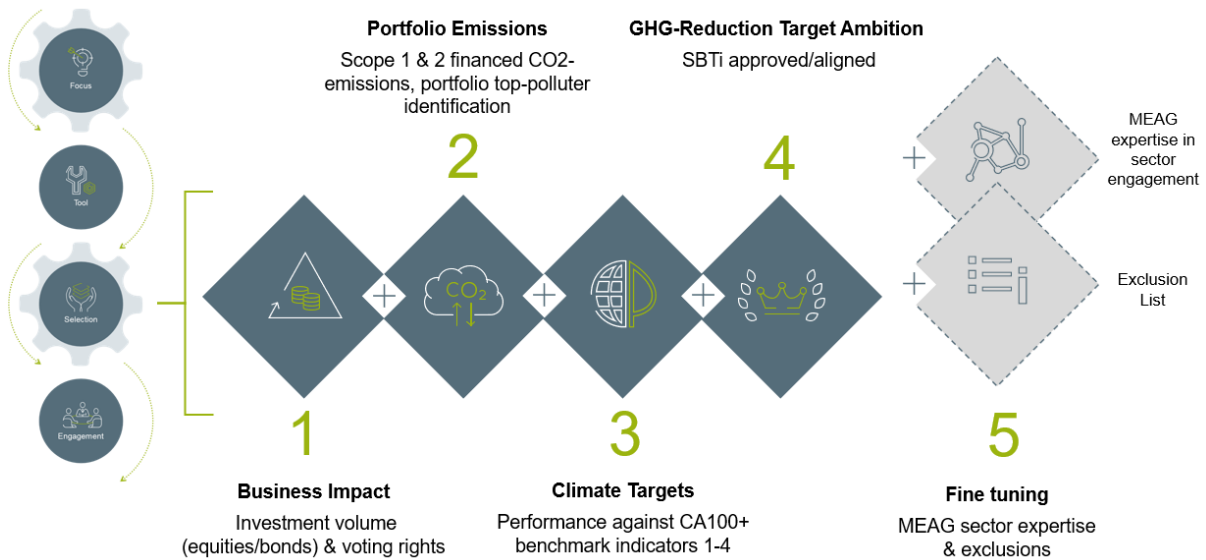


1 ESG Status: To determine whether investments are sufficiently positioned with respect to MEAG's stewardship focus topics, a detailed assessment of current ESG performance is conducted at the portfolio company/asset level. MEAG applies recognized ESG frameworks and standards as well as external ESG-databases (e.g. MSCI and TAUW) and ratings to evaluate company ESG performance and to identify areas for improvement. Both qualitative and quantitative information is analysed. See step 3) 'Engagement Targets' for more information.

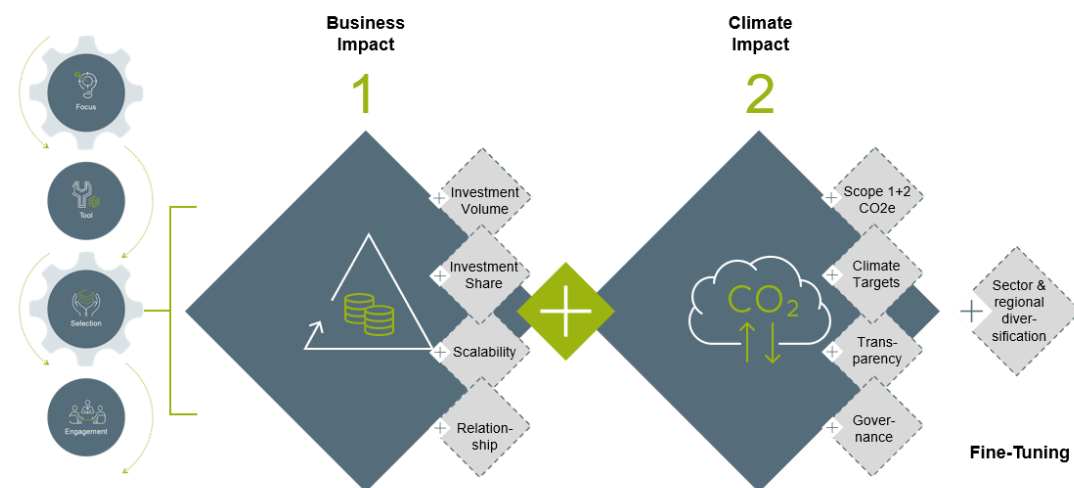
2 Materiality: The data from the ESG status assessment feeds into MEAG's materiality analysis. The analysis reviews relevant ESG performance, e.g. company climate or human rights impacts, as well as the leverage and level of interest MEAG has in the investment. For example, this includes MEAG's investment volumes, voting rights, business relationships or expertise. A defined framework and scoring rationale are applied to assess materiality for each investment. The materiality results provide the basis for prioritization of

engagement targets (see step 3). Examples of MEAG’s current materiality frameworks are included below. In the context of the above mentioned MEAG retail funds and MEAG’s PAI-consideration approach, materiality evaluation criteria include the severity of controversy impacts, levels of company remediation, ESG-ratings performance and context specific criteria (e.g. in relation to business conduct in conflict affected contexts, respect for indigenous rights).

MEAG’s CA100+/climate materiality evaluation criteria



MEAG’s alternative assets climate materiality evaluation criteria



MEAG's PRI Advance/human rights materiality evaluation criteria



3 Engagement Targets: Based on the materiality assessment, engagement company targets are prioritized and specific engagement objectives are set within a structured engagement roadmap. Engagement objectives can be narrow in scope, e.g. addressing one specific controversy case, or they can address broad or systemic issues, e.g. implementation of a 1.5°C net-zero climate target. For climate and human rights engagements MEAG typically focuses objectives towards company/asset progress against relevant benchmark assessments, e.g. the CA 100+ net zero company benchmark and the World Benchmarking Alliance's social transformation benchmark. Expectations are also framed in alignment with established standards, including the UN Guiding Principles for Human Rights (UNGPs) and OECD/UNGC norms in relation to human rights. The engagement roadmap also defines time horizons for the achievement of defined objectives. Depending on the nature of objectives, timescales vary from short-term (e.g. months/up to one year) to long-term (three years +). For long-term engagements short-, medium- and long-term milestones are set.

Example roadmap and milestones for CA100 + engagement

Roadmap	Milestones
1) Improve climate change governance	1) Net-zero GHG Emissions by 2050 (or sooner) ambition
2) Cutting emissions	2) Long-term (2036-2050) GHG reduction target(s)
3) Strengthening climate-related financial disclosures and implement transition plans	3) Medium-term (2028-2035) GHG reduction target(s)
	4) Short-term (up to 2027) GHG reduction target(s)

4 Engagement: Based on the defined objectives, individual or collaborative engagements are conducted. Typically dialogue takes place through online meetings. Where feasible, the exchange can also be conducted via email.

5 Tracking: MEAG tracks qualitative and quantitative information on its engagements and reviews the data on a quarterly basis to monitor progress towards objectives. Information collected includes: the engagement issue, type of contact, frequency of contacts and the progress towards overall objectives.

6 Finalization: Once the engagement objectives have been achieved, lessons learned are reviewed, outcomes are reported internally and the engagement is closed. In cases where engagement objectives have not been met, MEAG considers escalation and adapts the engagement roadmap accordingly. The escalation tools available include reviews of the engagement strategy, letter-writing, support or publication of a public statement on the grievances raised, portfolio adjustment, escalation via proxy voting and divestment.

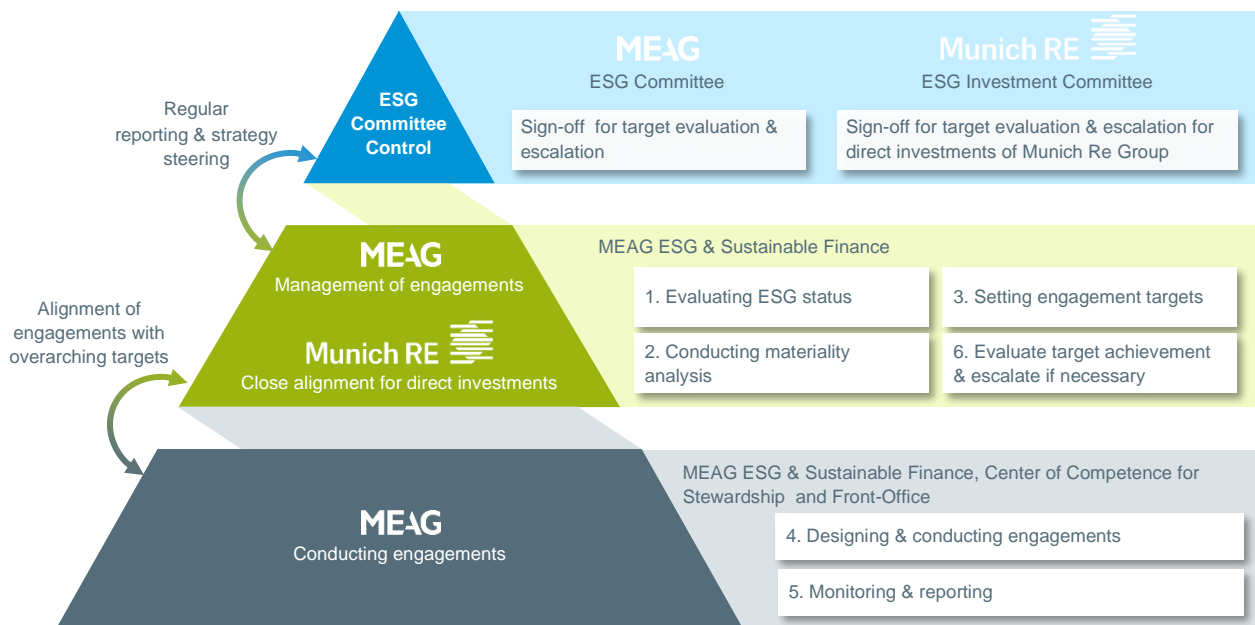
5 Engagement Governance

The Center of Competence for Stewardship, within MEAG's ESG & Sustainable Finance department, manages all engagements in line with the established engagement process and reviews progress on a quarterly basis. Relevant colleagues from front office functions, e.g. credit research, portfolio management and investment management (alternative assets) may be consulted or involved as needed, e.g. in the context of ESG-performance assessment or in dialogues.

MEAG's ESG Committee is involved in an annual review of engagement progress and in decision-making regarding escalation. Munich Re's ESG Investment Committee takes forward annual progress assessments and decisions on escalation relevant to its direct investments managed by MEAG AMG, e.g. for CA100+ as well as PRI Advance engagements.

In cases where escalation occurs through voting rights and this requires a deviation from MEAG's proxy voting policy, MEAG's ESG Committee is consulted in advance.

Governance for Engagements at MEAG



6 Data

Several data sources support the analysis within MEAG's engagement process. For climate related key performance indicators ISS ESG Climate Solutions data and the publicly available CA100+ net zero benchmark indicators are used in the review of ESG performance and the materiality assessment. For individual engagements in the context of the MEAG retail funds controversy analysis and the PAI-consideration approach, ESG controversy data supplied by the external data provider MSCI ESG Research LLC is used. The controversy data is supplemented by an internal ESG analysis. For the assessment of company human rights performance, data from MSCI is used. Alternative assets emissions data is collected internally as well as externally, including by specialized ESG-data providers (TAUW).

7 Update of the Engagement Policy

MEAG's ESG & Sustainable Finance department is responsible for the content of this engagement policy. The policy will be reviewed annually and amended as necessary. Any material changes, e.g. concerning responsibilities, content or scope, must be approved by MEAG's ESG Committee.

8 Associated Policies

[MEAG Proxy Voting Policy](#)

[MEAG Participation Policy](#)

[MEAG Principles for avoiding conflicts of interests](#)

9 Glossary

Term	Definition
CA100+	Climate Action 100+
CO2e	Carbon dioxide equivalent
ESG	Environmental, Social and Governance
GHG	Greenhouse Gas
H&S	Health & Safety
ISS	International Shareholder Solutions Inc.
NZAOA	Net Zero Asset Owner Alliance
OECD	Organisation for Economic Co-operation & Development
PAI	Principal Adverse Impacts
PRI	Principles for Responsible Investments
SBTi	Science Based Target initiative
SFDR	Sustainable Finance Disclosure Regulation
UNGC	UN Global Compact
UNGPs	UN Guiding Principles for Human Rights