



MEAG Climate Strategy

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Content

1	Scope of application and purpose	2
2	The relevance of climate change	2
3	MEAG's commitment in practice	3
4	Governance of climate-related topics	4
5	Strategic priorities	4
5.1	Managing climate risks and opportunities in the investment process	5
5.2	Fostering transparency on all levels	6
5.3	Leveraging MEAG's capabilities	7
6	Monitoring and disclosure	8

1 Scope of application and purpose

The MEAG Climate Strategy describes the Climate Strategy of MEAG MUNICH ERGO AssetManagement GmbH and MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH (hereinafter “MEAG KAG”) (jointly hereinafter “Climate Strategy”). Unless MEAG MUNICH ERGO AssetManagement GmbH or MEAG KAG is explicitly specified, MEAG refers to both entities in this document. In preparing this strategy, MEAG has considered the recommendations of the Financial Stability Board’s Task Force on Climate-related Disclosures (TCFD) as well as market practices. MEAG’s business activities are subject to key sustainability standards of Munich Re Group, such as the Group-wide Code of Conduct, which takes reference to various international frameworks, among others the UN Guiding Principles on Business and Human Rights or the UN Global Compact principles. Further information on the sustainability initiatives at Munich Re is published on the Munich Re website¹.

The MEAG Climate Strategy pursues the purpose of specifying and outlining MEAG’s approach to climate-related topics, complementing Munich Re’s strategy, commitments and disclosures. This document describes the relevance of climate change for MEAG, MEAG’s governance of climate-related topics and specifies its strategic priorities, i.e. (1) managing climate risks and opportunities in the investment process, (2) fostering transparency on all levels, and (3) leveraging MEAG’s capabilities.

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2 The relevance of climate change

Climate Change is a science-based and widely accepted fact and predominantly the result of human activity. The consensus among scientists is that the emission of greenhouse gases (GHG) caused by mankind (since the industrialization) is the main factor of rising temperatures in the atmosphere and oceans. By contrast, natural forcings such as solar variability, volcanic activity, or changes in the Earth’s orbital parameters cannot explain the observed warming over the last century. The years 2015-2025 rank among the warmest since the beginning of systematic record-keeping. The year 2025 ranked as the third warmest on record, following 2024, which was the warmest yet, with annual average temperatures clearly exceeding 1.5°C above pre-industrial levels for the first time². Rising temperatures increase the probability of more frequent and/or more intense weather-related natural catastrophe events.

Decisive actions are absolutely essential to limit the adverse effects of climate change, to save lives and enable sustainable economic growth. This is why the international community under the auspices of the United Nations has agreed on the Paris Climate Target in 2015, to limit global warming to well below 2°C. MEAG together with its parent Munich Re is supporting the Paris Agreement and as an environmentally conscious company will play its part in meeting the target. Munich Re published its Climate Ambition 2025 in December 2020, outlining its intention to reduce GHG emissions from its insurance business and proprietary investment portfolio, with the aim of net zero by 2050. Munich Re expressed this

¹ <https://www.munichre.com/en/company/corporate-responsibility.html>

² EU Commission (Copernicus), accessed February 27 2026: [Global Climate Highlights 2025 | Copernicus](#)

intention in the expectation that governments will meet their own pledges to achieve the goals of the Paris Agreement. Munich Re has adopted a climate strategy that set initial targets for the Group's contribution to mitigating climate change across investments, insurance and own operations, including MEAG. The initial Climate Ambition covered the period until the end of 2025. Subsequently, new climate targets were announced: the [Munich Re Group Ambition 2030](#) provides direction for the years 2026-2030³. At the Group level, Munich Re publishes climate-related disclosures in its Annual Report.

3 MEAG's commitment in practice

MEAG seeks to put Munich Re's Group-wide commitment to contribute to achieving the goals of the Paris Agreement into practice. In doing so, MEAG acknowledges its responsibility but is also aware of limitations of its influence as an asset manager in addressing a systemic issue like climate change. MEAG's understanding of its role as asset manager in the context of climate change is guided by the following principles⁴.

Unequivocal support for the goals of the Paris Agreement

MEAG supports international efforts to keep global temperature increase well below 2°C while mitigating the effects of climate change. In light of still rising GHG emissions, this requires an ever faster decarbonization. Yet, missing the 2°C goal would bring even more expensive and drastic challenges for society. Governments as well as society have to take bolder steps to accomplish the well below 2°C goal, such as by implementing a carbon price or - even better - a functioning, global emissions trading system that provides sufficiently strong price incentives for a gradual switch to non-fossil forms of energy and transport and to support emission-free production of energy.

Upholding MEAG's value proposition as fiduciary

MEAG acts for the benefit of its clients to deliver performance. As fiduciary, MEAG operates within the individually agreed mandate. Pursuing a stringent and risk-controlled investment approach translates to managing financial risks and opportunities that result from climate change for all assets MEAG manages. To account for the uncertainty of future physical or transformative changes inherent to climate change and to ensure optimal capital allocation, a range of different climate scenarios must be considered rather than a single one. As such it is not within MEAG's mandate to commit to aligning its assets under management to a specific scenario by default.

Enabling clients to take an informed decision

MEAG bases its activities around the needs of its clients. Therefore, MEAG seeks to provide clients with climate-related information as well as implications of potential decarbonization targets of their investments and their real-world climate outcomes. Doing so, enables clients to take an informed decision, based on their financial interests and sustainability preferences, including their climate ambition. For those clients who wish to align their investments with a decarbonization pathway, MEAG strives to provide meaningful solutions.

³ More information is available at: <https://www.munichre.com/en/company/sustainability/climate-ambition-and-reporting.html>

⁴ This strategy and principles have taken into account, among others aspects, the writing of industry thought leaders Tom Gosling and Harald Walkate

Science-based and transparent in MEAG's actions

As the asset manager of one of the world's largest reinsurers, MEAG utilizes the Group's knowledge and experience to create attractive solutions for its clients. Dealing with climate change, MEAG considers scientific and fact-based evidence when assessing climate risks and opportunities. Furthermore, MEAG takes into account the increasing insights on real world outcomes of investment-decisions and seeks to be transparent in these matters.

4 Governance of climate-related topics

Climate change is relevant to MEAG on two levels. The first level is on entity-level, where climate-related issues may affect, among others, business strategy, plans and performance objectives. As a Munich Re company, these issues are generally governed by the Groups' sustainability governance which describes the board's oversight and the role of management with regard to climate-related risks and opportunities. The governance is disclosed in the Munich Re Annual Report. Furthermore, MEAG's own ESG Governance ensures that its ESG activities are aligned with the group-wide strategy, including when further specifying and implementing entity-level activities.

On a second level, as asset manager, climate change is relevant to MEAG's investment process. The MEAG ESG Committee oversees MEAG KAG's investment strategy with regard to ESG. More information on MEAG's ESG Governance is available at: [MEAG ESG Governance](#). MEAG considers climate-related financial risks as sustainability risks.⁵ Sustainability risks, including climate risks, are factors of existing risk types and part of MEAG's overall risk management policy (i.e. MEAG Risk Strategy and MEAG MaRisk). Therefore, MEAG's board of management considers at least on a quarterly basis, or as warranted, the risk situation to assess its materiality. This includes individual funds as well as entity level. More information on the governance of climate-related risks can be found in section 5.1 "Managing climate risks and opportunities in the investment process".

5 Strategic priorities

MEAG is covered by Munich Re's climate strategy and actively contributes to achieving the Group-wide targets. This includes achieving decarbonization targets for proprietary investments of Munich Re and MEAG's own operations, investing in climate tackling solutions and delivering against climate engagement targets.

Further specifying and complementary to Munich Re's climate strategy, MEAG has set strategic priorities with regard to climate change. For this purpose MEAG's business activities have been assessed, applying three different time horizons also used by Munich Re:

- Short-term: up to 2 years
- Medium-term: 3-10 years
- Long-term: more than 10 years

⁵ Sustainability risks as defined by Art. 2 (22) of the Sustainable Finance Disclosure Regulation (EU) 2019/2088: "Sustainability risk' means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment."

MEAG offers retail funds and special alternative investment funds⁶ as well as individual portfolio management for institutional investors for all the main asset classes such as fixed income, infrastructure debt and equity, real estate and equities. On entity-level MEAG aims to ensure that its products and services meet the needs of clients, including – among others – investment solutions with decarbonization targets and reporting capabilities. Furthermore, MEAG seeks to align its overall investment practices and strategy with regulatory and supervisory requirements as well as with the expectations of the general public in the markets MEAG operates in. Thus, on entity-level, aspects that arise from changing client demands and policy frameworks, are predominantly relevant over a short and medium timeframe.

With regard to the investment process, it is critical to have processes in place that identify, assess, manage and monitor issues or events related to climate change that may drive asset value. Depending on the specific asset and investment vehicle, these processes may comprise both, transition risks and climate change-induced natural hazards called physical risks. These risks tend to be relevant in the medium and long-term. MEAG has defined key pillars to address the beforementioned climate-related issues. The different time horizons are relevant for prioritizing implementation measures within these pillars.

5.1 Managing climate risks and opportunities in the investment process

MEAG has adapted existing and implemented new processes to manage sustainability risks and opportunities in its investment process for all assets under management including issues related to climate change. MEAG's research department is integrating the assessment of climate change effects on economic and capital market variables in its annual long-term forecasts. At MEAG assets under management are subdivided in public markets and alternative assets.

In the public markets' segment, managing climate risk includes assessing the compatibility of issuers' climate transition targets with their spending and revenue planning or with regard to sovereign issuers, particularly in emerging markets, their vulnerability to physical climate risks. Portfolio managers have access to inter alia the following key climate indicators, which include forward-looking information, via MEAG's investment management software solution.

- Absolute scope 1, 2 and 3 GHG emissions
- Normalized KPIs (tCO₂e per million enterprise value; tCO₂e per million revenues)⁷
- Carbon Risk Rating⁸
- Status of a climate reduction target, including an assessment of the ambition level

Based on this information, portfolio managers can individually assess climate-risks and opportunities depending on the respective investment strategy, including the investment period.

⁶ Undertakings for Collective Investments in Transferable Securities (UCITS) primarily for retail investors as well as alternative investment funds (AIF) for institutional clients.

⁷ CO₂ equivalent, abbreviated as CO₂e is a measure that comprises various greenhouse gases by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.

⁸ The Carbon Risk Rating is provided by an ESG data provider. The rating is based on an assessment of the climate-related performance of companies, taking into account industry-specific challenges and risk profiles. Furthermore, positive contributions of an issuer are considered.

Within alternative assets, such as real estate, infrastructure, private equity, forestry and agriculture, climate-related issues are integrated in the due diligence process. For all asset classes within alternative assets, physical and transition risks are part of the ESG assessment, which forms part of the decision-making documents submitted to the Investment Committee. For infrastructure equity and debt, as well as forestry and agriculture transactions, MEAG leverages the strong expertise of Munich Re, which provides an analysis of physical risks and technical mitigation, based on RCP4.5 and RCP8.5 scenarios⁹. For directly held real estate assets, MEAG collects data on energy consumption as well as Scope 1 and 2 CO₂e emissions and uses the decarbonization pathways from Carbon Risk Real Estate Monitor¹⁰ to benchmark the portfolio.

MEAG seeks to constantly scrutinize and improve its processes to consider climate risks and opportunities in the investment process. This is crucial given the uncertainty inherent to a changing climate with interdependencies to decarbonization efforts as well as changes in the earth system due to higher GHG concentrations. Therefore, MEAG aims to further strengthen and document its methods to identify and assess climate-related aspects, including the consideration of guidance developed by regulatory bodies and standard-setters. This includes further harmonizing assumptions underlying the decision-making across asset-classes and improving the accessibility of relevant information to investment professionals. During the holding phase, MEAG aspires to be an active steward addressing identified climate-related risks and opportunities of assets under management.

5.2 Fostering transparency on all levels

High-quality information is crucial to take informed and accurate decisions. MEAG is committed to fostering transparency with regard to climate-related information on the three levels further described below.

1. On single asset level, MEAG aims to ensure that sufficient information is available to assess climate-related aspects. Besides climate-related data provided for publicly listed assets by ESG data providers, MEAG has established data collection and management processes within alternative assets. This includes the systematic consideration of data availability in the due diligence process, as well as retrieving data for relevant assets during the holding phase. MEAG has processes in place to close data gaps regarding greenhouse gas emissions in alternative assets with estimates in accordance with the GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financials (PCAF). Furthermore, MEAG engages individually with companies in which MEAG is invested across portfolios. As part of these activities, MEAG encourages better climate-related disclosures to improve data availability by investees whose current practices are deemed insufficient. More information is available at: [MEAG Engagement Policy 2026](#)
2. On portfolio level, MEAG KAG seeks to provide clients with the information and reporting they require. Therefore, standardized reports with key climate indicators, such as absolute CO₂e emissions, Weighted Average Carbon Intensity (WACI) and

⁹ Representative Concentration Pathway (RCP) are scenarios that include time series of emissions and concentrations of greenhouse gases, whereby each RCP provides one of many possible scenarios. The Intergovernmental Panel on Climate Change (IPCC) has selected four RCPs produced from Integrated Assessment Models in its recent reports, including RCP4.5 and RCP8.5. The former represents an intermediate scenario in which emissions peak around 2040 and then decline, while the latter is the highest baseline emissions scenario used by the IPCC in which emissions continue to rise throughout the twenty-first century.

¹⁰ The Carbon Risk Real Estate Monitor, CRREM, is a leading global standard and initiative for operational decarbonization of real estate assets.

carbon footprint, are available to institutional clients on demand. Customized solutions are available on request, including regulatory reporting requirements. This information is intended to form the basis for engaging with clients on their climate ambition and allowing them to take an informed decision.

3. On entity-level, MEAG KAG publishes key climate indicators including absolute CO₂e emissions, WACI and carbon footprint as part of its “Statement on principal adverse impacts of investment decisions on sustainability factors”¹¹, which is accessible on [MEAG’s website](#).

5.3 Leveraging MEAG’s capabilities

MEAG aims, to the extent possible and feasible, to support the transition to more sustainable, low-carbon in particular, economies and societies. To do so, MEAG seeks to seize its leverage as an asset manager with investment opportunities that support the decarbonization, by offering clients decarbonization strategies for their investments, by being vocal about the need of achieving the Paris Climate Target and by partnering with others in the industry. These areas are further specified in the following.

MEAG strives to identify investment opportunities that aim to promote the use of technologies for avoiding GHG emissions within the defined risk-return levels. MEAG has been investing in renewable energy, “green buildings”¹², forests with certified management, and green bonds¹³.

Based on the climate insights provided to clients and the capabilities to execute decarbonization targets, MEAG seeks to strengthen the exchange with clients on their climate ambition. MEAG offers portfolio decarbonization strategies to clients who wish to achieve climate-related objectives, such as using a respective benchmark¹⁴. For public markets MEAG has developed an internal overview on available climate-related data points and their application for decarbonization as guidance for portfolio managers. MEAG aspires to expand this offering as approaches and tools to decarbonize portfolios further develop.

As an important player in the international financial sector, MEAG is aware that its capital allocation may provide signals to markets. Even though it remains unclear to what extent the application of ESG exclusions, including exclusions related to climate, incentivizes underlying assets to improve their sustainability performance, MEAG KAG applies a selected number of ESG exclusions to its investment universe, as part of its efforts to mitigate adverse environmental and social impacts of its investment decision¹⁵. Thereby, investments in companies with certain coal-based business models are excluded unless they showcase a credible decarbonization strategy. More information, including the specific criteria and process is available in MEAG KAG’s Exclusion Policy¹⁶. Furthermore, the reduction of GHG emissions, of assets MEAG manages, is one of two current ESG focus areas of MEAG’s stewardship activities.

¹¹ Declaration as provided for by Art. 4 para. 1 of Regulation (EU) 2019/2088

¹² Real estate properties that are certified according to sustainability standards, such as the EU Green Building standard, the Building Research Establishment’s Environmental Assessment Method (BREEAM), Leadership in Energy and Environmental Design (LEED), the German Sustainable Building Council (DGNB), or equivalent certifications that contribute to sustainability.

¹³ In compliance with the respective criteria of market initiatives (e.g. ICMA principles or the European green bond standard).

¹⁴ As defined by Commission Delegated Regulation (EU) 2020/1818.

¹⁵ For scientific literature on the influence of applying ESG criteria when taking investment decisions see Kölbel, J., Heeb, F., Paetzold, F., Busch, T. (2020). “Can Sustainable Investing Save the World? Reviewing the Mechanisms of Investor Impact,” Organization & Environment.

¹⁶ Accessible via: <https://www.meag.com/en/esg/esg-governance.html>

6 Monitoring and disclosure

MEAG's climate strategy is subject to the ESG Governance. Therefore, the ESG Committee reviews the climate strategy annually, monitors progress, and further develops the strategy, if required. Through the annual "Statement on principal adverse impacts of investment decisions on sustainability factors" of MEAG KAG key climate indicators, including absolute CO2e emissions, WACI and carbon footprint are submitted for review to the ESG Committee.

As signatory of the Principles for Responsible Investment ("PRI"), MEAG reports regularly to the initiative¹⁷, which includes several TCFD-aligned indicators regarding the management of risks and opportunities related to climate change.

¹⁷ The PRI is an initiative that seeks to foster a sustainable global financial system by encouraging the adoption of the six defined principles and enabling collaboration on their implementation. Principle 6 requires mandatory annual disclosure by signatories to the PRI. PRI is an independent organization, supported by, but not part of, the United Nations.