



## MEAG Engagement Policy 2026

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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 behavior 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.

MEAG's Center of Competence for Stewardship, which is part of the ESG & Sustainable Finance department, is responsible for the content of this engagement policy. For the creation of the policy the team considers relevant stewardship standards and current best practice. 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.

## 2 MEAG's Engagement Approach

MEAG manages all major asset classes and offers a broad range of investment solutions. In public markets, MEAG offers active investment solutions in the form of public funds and special funds for all essential asset classes such as fixed income, equities, and multi-asset. Beyond traditional investments, MEAG is also active in alternative assets, including real estate, renewable energies, infrastructure debt & equity, and private equity.

### 2.1 Mission

It is MEAG's fiduciary duty to protect and enhance the value of client assets through its investment approach. MEAG is convinced that sustainability, as a long-term driver of change across markets, countries, and companies plays a major role in responsible investment management strategies. 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 and opportunities driven by ESG aspects
- Consideration of principal adverse environmental and social impacts of its investments
- Supporting sustainability-related objectives of MEAG or its clients

The active dialogue (engagement) with 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 engages with portfolio companies in a structured and constructive dialogue to help them enhance their understanding of ESG-related risks and impacts and to continuously develop their management approach.

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, contributing to an improved risk-return profile for MEAG's Investments (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, constitute the key pillars in MEAG's stewardship approach. MEAG's definition of stewardship as well as of engagement follows the approach taken by the investor initiative

“Principles for Responsible Investment” (PRI), a non-profit working to embed responsible investment practices, with the aim of enhancing returns and improving risk management.<sup>1</sup>

**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”.

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

**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”.

## MEAG’s Approach

At MEAG, engagements are carried out bilaterally as well as collaboratively depending on the engagement focus topic. 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 behavior supports relevant engagement objectives. Furthermore, voting can be used as a tool for escalation where engagement fails or stalls. For further details please refer to [MEAG Proxy Voting Policy](#).

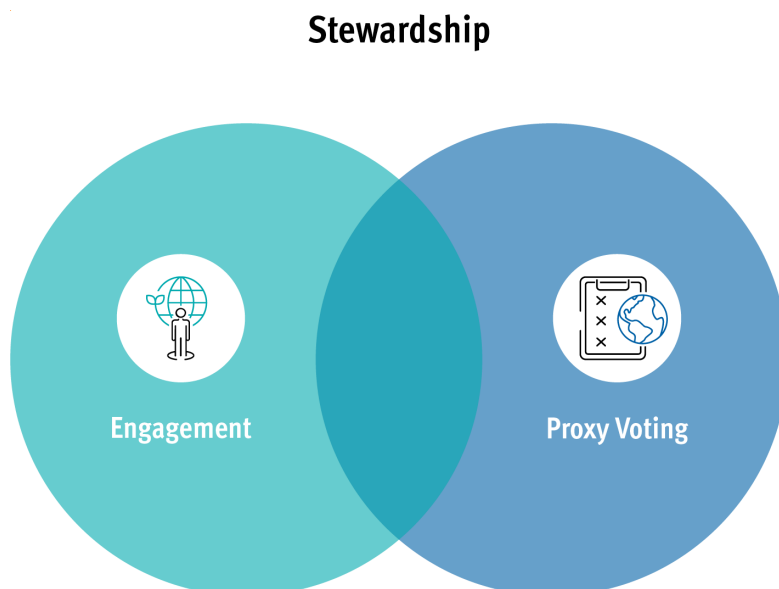


Figure 1 MEAG's Stewardship Approach

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.

## 2.3 Engagement Governance & Resources

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.

The Center of Competence for Stewardship 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

<sup>1</sup> The following definitions of stewardship, proxy voting and engagement are taken from PRI’s website (2021).

research and portfolio management may be consulted or involved as needed. MEAG's ESG Committee is involved in an annual review of engagement progress and in decision-making regarding escalation.

For Munich Re Investments, the progress is presented on a quarterly basis to the Group Investment Management (GIM) Sustainability in Investments Team. 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 climate as well as human rights engagements. After a three-year engagement period, a deep dive on the progress achieved and remaining obstacles will also be presented to the MR ESG Investment Committee to decide on the continuation of the engagement.

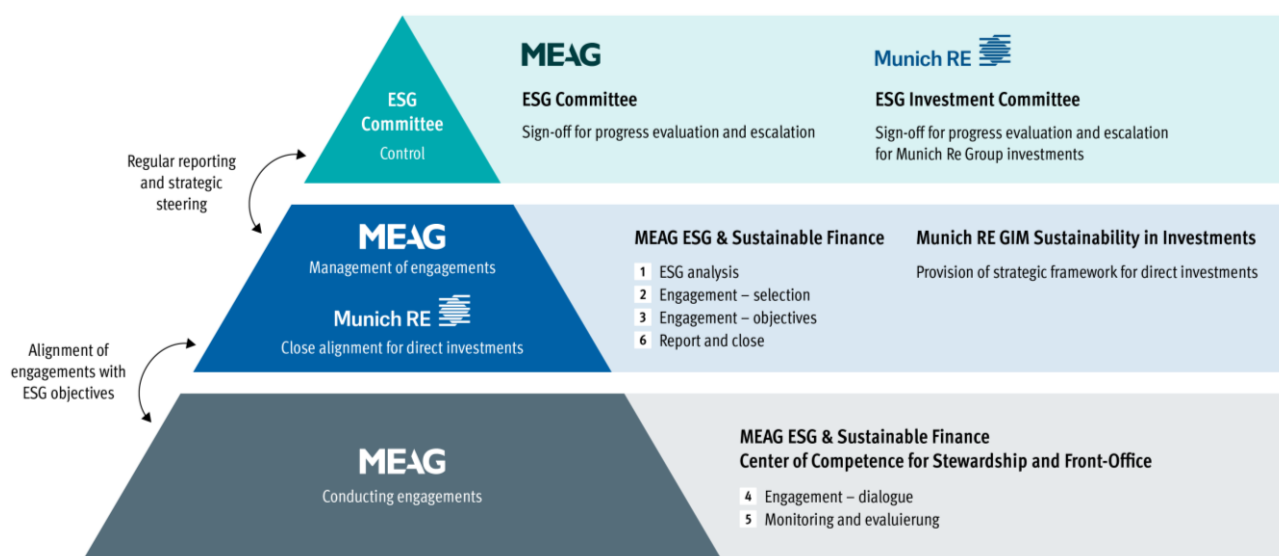


Figure 2 MEAG's Engagement Governance

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.

Several data sources support the analysis within MEAG's engagement process. For climate related performance assessments, ISS ESG Climate Solutions data and other publicly available sources are used such as internationally recognized benchmarks and frameworks.

For 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. "PAI" indicators pertain to indicators on principal adverse impacts on sustainability factors as provided for in the Sustainable Finance Disclosure Regulation.<sup>2</sup> The controversy data is supplemented by an internal ESG analysis. For the assessment of company human rights performance, MEAG draws on data from MSCI. Alternative assets emissions data is collected internally as well as externally, including by specialized ESG-data providers (TAUW).

<sup>2</sup> See Annex I Commission Delegated Regulation (EU) 2022/1288 supplementing Sustainable Finance Disclosure Regulation (EU) 2019/2088. [Link](#)

### 3 Engagement Focus Topics

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. Within these focus topics engagements concentrate solely on material themes for selected portfolio companies.

#### 3.1 Climate Change

Climate change is a science-based and widely accepted fact and predominantly the result of human activity. It is one of the most critical global challenges, with far-reaching economic impacts and potential implications for the value of MEAG's investments. Rising temperatures increase the frequency and severity of extreme weather events, while efforts to reduce greenhouse gas emissions are reshaping markets, influencing prices, altering demand patterns, and accelerating technological change.<sup>3</sup>

Decisive actions are essential to limit the adverse effects of climate change, to save lives and enable sustainable economic growth. MEAG actively addresses the risks and opportunities arising from these transformation processes through individual engagements with portfolio companies, focusing on climate-related issues.

Further details on MEAG's approach to climate-related topics can be found in the [MEAG KAG and AMG Climate Strategy](#).

#### What MEAG expects from portfolio companies

MEAG expects its portfolio companies to demonstrate a clear and credible commitment to achieving net zero greenhouse gas emissions by 2050 or sooner. This includes setting ambitious short-, medium-, and long-term reduction targets, supported by a robust decarbonization strategy and aligned capital allocation. Portfolio companies should ensure strong climate governance, transparent disclosures, and active engagement in climate policy. MEAG also expects portfolio companies to consider social aspects through a just transition approach and show evidence of progress through historical emissions reductions. Leveraging recognized climate scenarios and relevant standards, such as SBTi<sup>4</sup> and TCFD<sup>5</sup> reporting, enhances transparency and ensures the traceability of progress.

#### 3.2 Human Rights

Governments worldwide are increasingly introducing and enforcing legislation to combat labor abuses in supply chains. Companies linked to forced or child labor risk severe consequences, including goods seizures, import bans, substantial fine and reputational risks, factors that can significantly impact investment value.<sup>6</sup>

MEAG acknowledges a responsibility to support the protection and promotion of human rights, fair working and living conditions and equal opportunities. MEAG aims to ensure that the companies in which it invests respect the rights of their employees, their stakeholders and the societies in which they operate.

As part of MEAG's engagement efforts with portfolio companies, MEAG works collaboratively with PRI's stewardship initiative 'Advance' on human rights. The initiative aims at protecting and enhancing risk-adjusted investment returns by promoting progress on human rights. Advance currently focuses on engagements with companies from the extractives, utilities and renewables sectors.

Additionally, MEAG considers human rights when making new investment decisions, as outlined in the [MEAG Human Rights Declaration](#).

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<sup>3</sup> See Munich RE (2026): Climate change and its dramatic consequences. Available at: [Link](#)

<sup>4</sup> The Science Based Target initiative (SBTi) helps companies set science-based emissions reduction targets aligned with the goals of the Paris Agreement. More information is available at: [Link](#)

<sup>5</sup> The Task Force on Climate-related Financial Disclosures (TCFD) provides recommendations for reporting climate-related financial risks and opportunities to enhance transparency for investors and stakeholders. More information is available at: [Link](#)

<sup>6</sup> European Parliament 2024: Products made with forced labour to be banned from EU single market. Available at: [Link](#)



## What MEAG expects from portfolio companies

MEAG expects from its portfolio companies to respect the rights of their employees, stakeholders, and the societies in which they operate. To make these expectations tangible, MEAG aligns with the PRI framework and focuses on three key areas to protect and enhance risk-adjusted returns by advancing progress on human rights:

MEAG expects portfolio companies to implement the United Nations Guiding Principles on Business and Human Rights (UNGPs), which serve as the global standard for corporate conduct on human rights. MEAG also expects portfolio companies to ensure that their political engagement is consistent with their responsibility to respect human rights. Finally, portfolio companies should demonstrate meaningful progress in addressing the most severe human rights issues within their operations and across their value chains.<sup>7</sup>

## 3.3 ESG Controversies

Beyond the systemic engagement topics of climate change and human rights, MEAG also considers ESG-related controversies in its engagement activities. These controversies provide a dynamic perspective on real environmental, social, and governance challenges, as they can result in reputational damage, regulatory penalties, or operational disruptions, ultimately impacting investment value.<sup>8</sup> ESG controversies refer to events or ongoing situations where a company's business activities or products are suspected of causing significant negative impacts on environmental, social, or governance factors.

Engagements may 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)/Organization 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.

Furthermore, MEAG has selected retail funds, within its public funds, that promote environmental or social characteristics disclosed according to Article 8 SFDR and engagement on PAI controversies is part of their investment strategy<sup>9</sup>.

For these selected retail funds, namely "*MEAG AktienSelect*", "*MEAG ReturnSelect*", "*MEAG EuroBalance*" and "*ERGO Vermögensmanagement Flexibel/Ausgewogen/Robust*", individual engagements are triggered through the quarterly portfolio controversy analysis.<sup>10</sup> This mechanism delivers on the funds' investment strategies and their consideration of principal adverse impacts (PAIs) on sustainability issues<sup>11</sup>. MEAG primarily uses the MSCI ESG controversy database for the analysis and assesses companies affected by the MSCI flag 'UN Global Compact (UNGC) Compliance = Watch List' and/or companies affected by a score 1 controversy, related to the environmental PAI categories 'GHG-emissions', 'biodiversity', 'water' and 'waste', as well as 'social and employee matters'. 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 and with the additional target to prevent the recurrence of similar controversies.

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<sup>7</sup> For further information on PRI objectives, see: [Link](#)

<sup>8</sup> Ma, S. and Ma, T. (2025): ESG Controversies and Firm Investment Efficiency: Impact and Mechanism Examination. *Risks* 2025, 13, 67. [Link](#)

<sup>9</sup> 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.

<sup>10</sup> Controversies refer to an event/ongoing situation in which company operations and/or products allegedly have a severe negative ESG impact.

<sup>11</sup> Further details are included in relevant product prospectuses/disclosures according to Art. 8 SFDR.

## What MEAG expects from portfolio companies

Generally, portfolio companies are expected to proactively address and mitigate ESG controversies that may indicate significant adverse impacts on environmental, social, or governance factors. As part of engagement activities, portfolio companies are expected to respond transparently and take responsibility for addressing the underlying issues. MEAG expects portfolio companies to implement targeted corrective actions and establish robust governance or operational safeguards to prevent similar incidents in the future.

## 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.

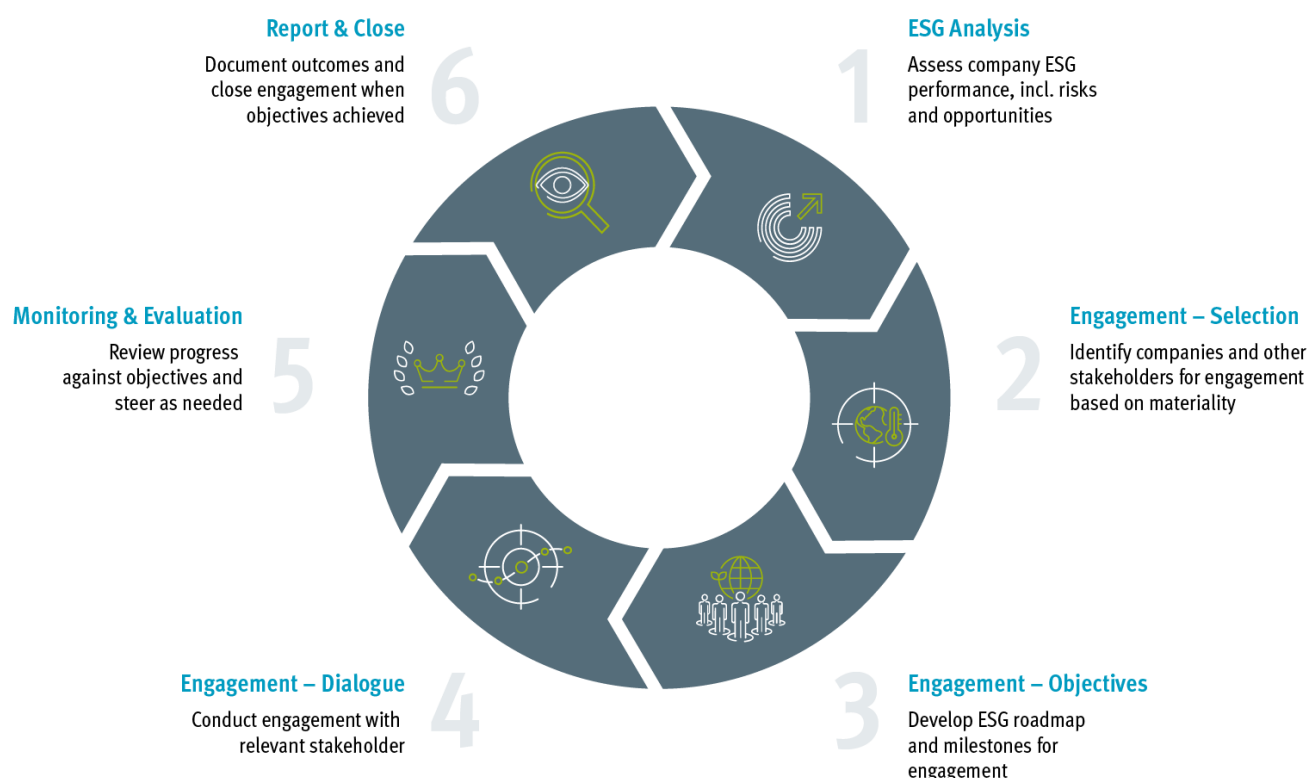


Figure 3 MEAG's Engagement Process

**1 ESG Analysis:** 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. Furthermore, external ESG-databases (e.g. ISS, MSCI and TAUW) and ratings are used to evaluate company ESG performance and to identify areas for improvement, as well as risks and opportunities. Both qualitative and quantitative information is analyzed.

**2 Engagement Selection:** The data from the ESG analysis feeds into MEAG's engagements selection. The process step 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 or business relationships. 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. Based on the materiality assessment, potential engagement companies are prioritized.



**3 Engagement Objectives:** For the selected companies specific engagement objectives are set within a structured engagement roadmap for each company. 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 net zero climate target. For climate and human rights engagements, MEAG typically focuses on objectives towards company/asset progress against relevant benchmark assessments and the in-house engagement roadmaps. 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.

**4 Engagement Dialogue:** Engagements are conducted, based on the defined objectives, and typically through online meetings. Should circumstances permit, an in-person meeting will likewise be considered. Where feasible, the exchange can also be conducted via email.

**5 Monitoring & Evaluation:** 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 addressed engagement cases per company and not as the number of contacts per case. 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. Engagement progress is reviewed quarterly on an internal basis and annually presented to the ESG Committee. In cases where engagement objectives have not been met, MEAG steers accordingly, e.g. by considering escalation and/or adaption of the engagement roadmap. Generally, at MEAG, a constructive dialogue with portfolio companies is prioritized as the foundation of the stewardship approach. However, when engagement is deemed to have reached its limits without yielding meaningful progress, and objectives are unlikely to be achieved through continued dialogue alone, escalation of engagement activities may be pursued. Such escalation is considered a necessary step to uphold fiduciary responsibilities and to drive outcomes aligned with long-term investment and sustainability goals. Escalation is linked to timebound-triggers with a set of escalation tools available for each scenario. 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.

**6 Report & Close:** Once the engagement objectives have been achieved, lessons learned are reviewed, outcomes are reported internally and the engagement is closed.

## 5 Associated Policies

[MEAG Proxy Voting Policy](#)

[MEAG Participation Policy](#)

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

[MEAG KAG and AMG Climate Strategy](#)

[MEAG Human Rights Declaration.](#)

## 6 Glossary

Term	Definition
ESG	Environmental, Social and Governance
GHG	Greenhouse Gas
OECD	Organisation for Economic Co-operation & Development
PAI	Principal Adverse Impacts
PRI	Principles for Responsible Investment
SBTi	Science Based Target initiative
SFDR	Sustainable Finance Disclosure Regulation
UNGC	UN Global Compact
UNGPs	UN Guiding Principles for Human Rights