



# CORPORATE RESPONSIBILITY @ MUNICH RE

Commerzbank Conference on Growth & Responsibility

Frankfurt, 17 March 2011

Dr. Astrid Zwick, Corporate Responsibility

With contributions of Prof. Peter Höpfe and Ernst Rauch,  
Corporate Climate Centre

# Agenda



Changes in the corporate environment	2
Our response: Corporate Responsibility in business at Munich Re	5
Growth and Responsibility – Munich Re contribution to climate change mitigation	12

## Changes in the corporate environment Why corporate responsibility?

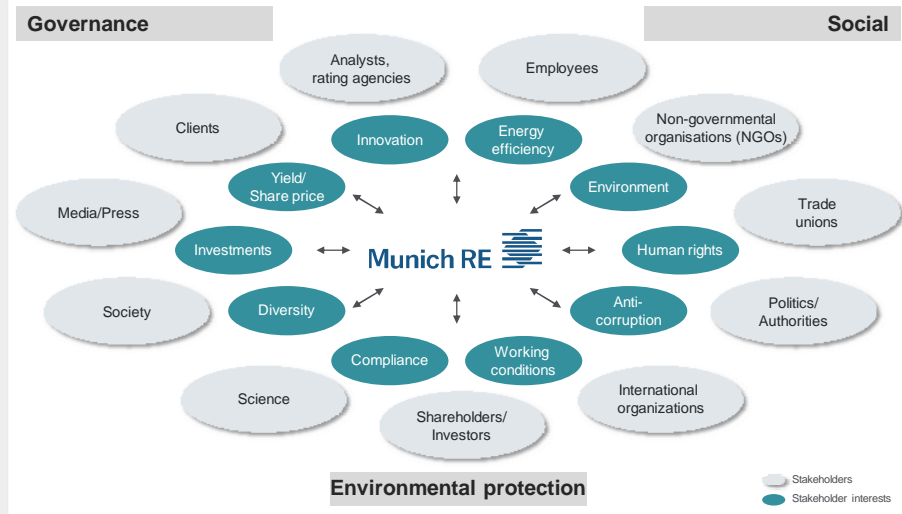


<p><b>The principle of sustainability – The start of long-term management</b></p> <p>"One should only strike as many trees as can grow back, (... to secure the stock for the future and live from the 'interest'.") <i>(Hans Carl von Carlowitz, 1713)</i></p>	<p><b>Sustainability – more important for corporate responsibility today than ever</b></p> <p>"Sustainable development involves the simultaneous pursuit of economic prosperity, environmental quality and social equity. Companies aiming for sustainability need to perform against this triple bottom line..." <i>(World Business Council for Sustainable Development, 2000)</i></p>
---	---



Changes in the corporate environment

## Munich Re's stakeholders and their interests - requesting more than shareholder value



## Agenda



Changes in the corporate environment	2
<b>Our response: Corporate Responsibility in business at Munich Re</b>	<b>5</b>
Growth and Responsibility – Munich Re contribution to climate change mitigation	12

Our response: Corporate Responsibility in business at Munich Re

## International cooperations of Munich Re – a strong commitment towards corporate responsibility



Examples	
 since 1999	<b>UNEP-FI</b> Munich Re has signed the climate declaration of the UNEPFI and is active member of the UNEPFI Climate Change Working Group.
 since 2006	<b>Principles for Responsible Investment (PRI)</b> Munich Re has actively developed and signed the UN Principles for Responsible Investment (PRI) as first German company in April 2006. By January 2011, PRI has 872 signatories. By January 2011 Chair of PRI.
 since 2007	<b>UN Global Compact</b> Munich Re is member of the UN Global Compact since August 2007. The ten principles of Global Compact are a guidance for action in our business and set the basis for our Corporate Responsibility activities.
 since 2007	<b>Principles for Sustainable Insurance (PSI)</b> Since September 2010 Munich Re holds the chair in the Insurance Commission with the aim to anchor ESG criteria into business and business operations.

Our response: Corporate Responsibility in business at Munich Re

## Global Survey of Practitioners supports relevance of Environment – Social – Governance (ESG) factors



*‘Companies that have strong policies on ESG are generally better managed in all aspects of their operations including their **risk management culture**.’*  
– Director, Risk Management (Europe)

*‘We are convinced that sound [ESG] behaviours and practices lead to **reduced exposure** over time and therefore should be reflected in the insurance relationship.’* –President & Chief Executive Officer (North America)

- **ESG** topics are financially material
- Governments are not addressing **ESG** risks appropriately
- **ESG** Management increases corporate value through enhanced risk management and new business opportunities



**The global state of sustainable insurance**  
 Understanding and integrating environmental, social and governance factors in insurance

A report by the Insurance Working Group of the United Nations Environment Programme Finance Initiative

Based on the IWG's pioneering 2009 global survey on ESG factors and insurance underwriting and product development

Our response: Corporate Responsibility in business at Munich Re

## Working towards “Principles for Sustainable Insurance”



### Principles for Sustainable Insurance (PSI)

The objective of this initiative is to establish ESG (Environmental, Social and Governance) elements in our core business. Munich Re is chairing the insurance commission since September 2010.



1. We will systematically consider ESG issues in our business principles, strategies and operations.
2. We will engage with insurance industry participants to raise awareness on ESG issues, reduce risk and develop solutions.
3. We will work together with society to enhance our effectiveness in implementing the Principles.
4. We will be transparent by reporting on our progress and activities in implementing the Principles.



Our response: Corporate Responsibility in business at Munich Re

## CO2 reduction and economic value through efficiency and controlling



### Building CO2 reduction and neutrality on environmental management



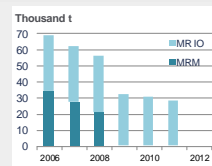
Environmental management system with 20% of sites certified



Energy efficiency in buildings and IT: e.g. MRAmerica, MEAG, MRM.



Energy from renewables: e.g. Munich and Milan



CO2 Neutralization: Purchasing CO2 certificates

### Achieving CO2 neutrality

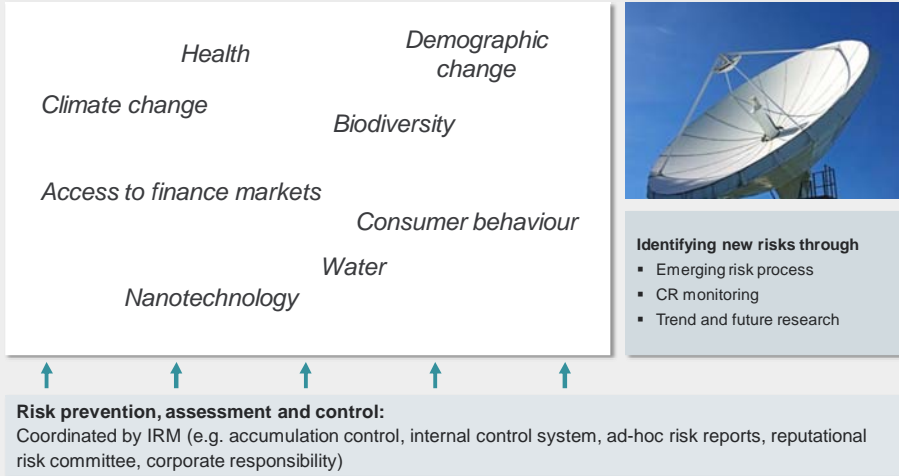
Munich Re (Munich)  
**CO2-neutral since 2009**

Munich Re Group (Reinsurance globally)  
**CO2-neutral by 2012**

Our response: Corporate Responsibility in business at Munich Re  
**Holistic risk management at Munich Re**



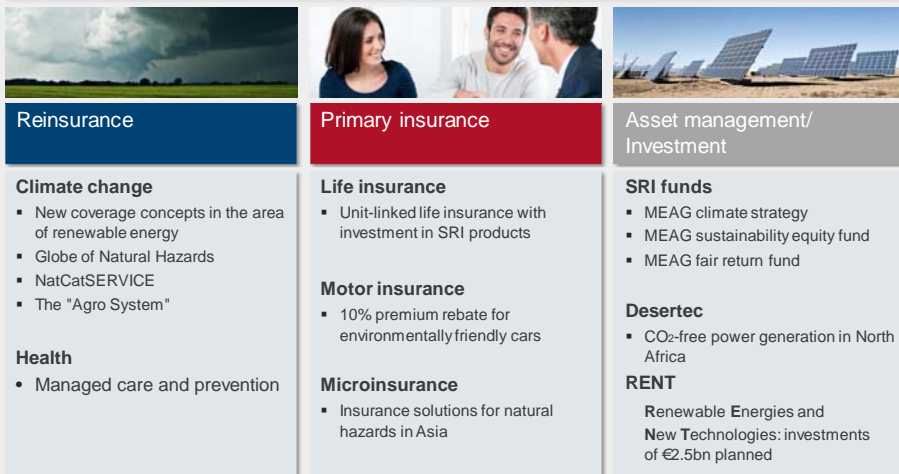
Viewing the challenges of the future as a competitive advantage



Our response: Corporate Responsibility in business at Munich Re  
**Added value through innovation:  
 Product solutions for global challenges**



Our contribution to sustainable development



# Agenda



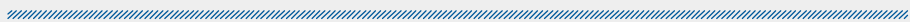
Changes in the corporate environment

Our response: Corporate Responsibility at Munich Re

## Growth and Responsibility – Munich Re contribution to climate change mitigation

### Growth and Responsibility – Munich Re contribution to climate change mitigation

## New technologies: role of the insurance industry



### Risks of renewable energies

<p><b>Technology / Regulatory risk</b></p>	<ul style="list-style-type: none"> <li>▪ Many technologies are still at an early stage and not yet proven, so growth in the renewable energy sector cannot be taken for granted</li> <li>– Further development and research are dependent on subsidies and political support.</li> <li>– E.g. photovoltaic only profitable in Germany due to subsidies</li> </ul>
<p><b>Risk of technological change</b></p>	<ul style="list-style-type: none"> <li>▪ Expansion of coal power generation, possible with the help of CO<sub>2</sub> capture and storage (CCS)</li> </ul>

### The role of the insurance industry in the implementation of new technologies

<p><b>Enabling / acceleration of the commercialization of new technologies</b></p>	<ul style="list-style-type: none"> <li>▪ Commercial Satellite</li> <li>▪ Performance covers for PV</li> <li>▪ Geothermal</li> </ul>
<p><b>Support of economic development</b></p>	<ul style="list-style-type: none"> <li>▪ Technology Development</li> <li>▪ Job creation</li> <li>▪ Economic growth</li> </ul>



Growth and Responsibility – Munich Re contribution to climate change mitigation

## Munich Re sets the standard for renewable energy insurance solutions



### Wind energy

Innovative solution for major losses in the form of guarantees – manufacturers profit from the capital relief this provides



### Photovoltaic energy

New type of insurance to cover performance guarantees – benefits customers and manufacturers; high demand around the world



### Geothermal energy

The exploration risk is frequently a stumbling block for projects – there is rising demand for Munich Re's special covers

### Munich Re's strategy

#### Growth market: Renewable energies

Investments in renewable energies are rising fast:

- In 2010 by 30% to US\$ 243bn<sup>1</sup>
- Further major growth expected

- Thanks to Munich Re's risk-transfer solutions, investors receive the security they need
- Special covers for renewable energies offer significant potential for profitable business
- Possible business volume by 2015: mid three-digit million range

<sup>1</sup> Source: Bloomberg New Energy Finance

Growth and Responsibility – Munich Re contribution to climate change mitigation

## Our technical expertise allows us to insure complex risks today and tomorrow



### Premium positioning – Complex risk taker

#### Nat cat: World Map of Natural Hazards



- Munich Re continues to commit substantial capacity to nat cat business
- High geographical diversification of worldwide large, medium and small scenarios in Munich Re's portfolio is key as diversification reduces earnings volatility by mitigating dependence on top scenarios
- Despite recent claims experience nat cat remains one of Munich Re's most profitable business lines

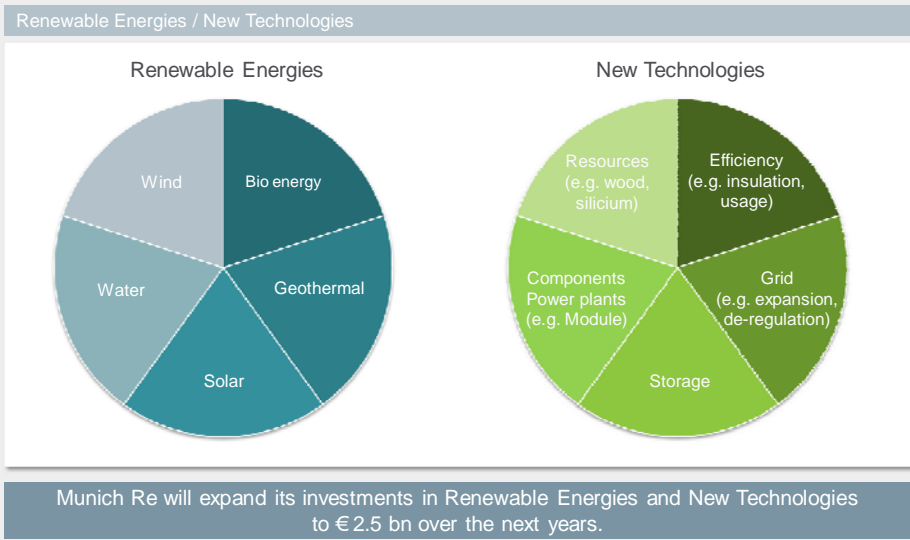
#### SOSCover (Sudden Oil Spill Cover)



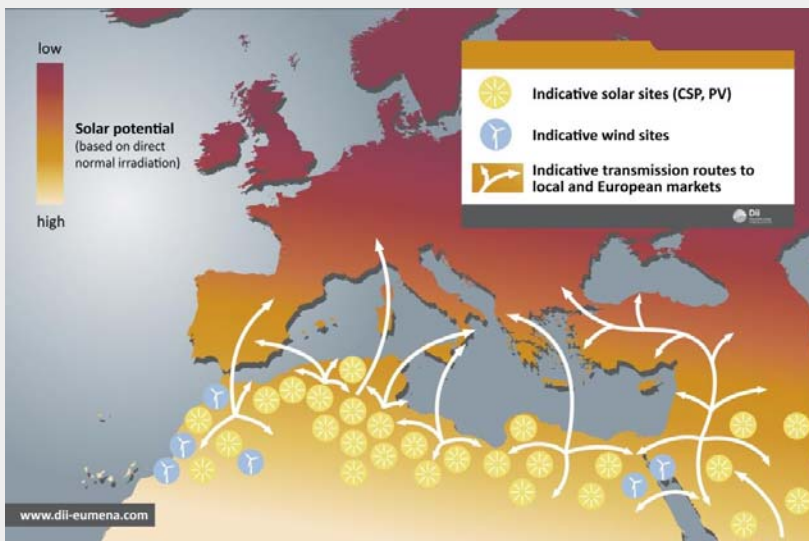
- Munich Re developed the initial concept
- AON Benfield, Guy Carpenter and Willis Re act as consortium managers and placement advisers. They bring together insurers and reinsurers as capacity providers to the consortium
- This consortium will deliver a new meaningful limit on a per well basis
- With this on-top product, all covers of the marine, energy and liability market remain in place



Growth and Responsibility – Munich Re contribution to climate change mitigation  
 New investment opportunities for Munich Re



Growth and Responsibility – Munich Re contribution to climate change mitigation  
 Power generation from sun and wind energy in the deserts of the Middle East and North Africa



Growth and Responsibility – Munich Re contribution to climate change mitigation

## External confirmation of the success of corporate responsibility management



	Listed continuously since 2001	
	Listed continuously since 2001	
	Note "Prime" CR rating in 2010; Munich Re is listed among the "best in class"	
	Among the 50 companies that make substantial and pioneering contributions towards meeting great global challenges	
	Listed since October 2005. Among the 100 companies worldwide with the greatest commitment to climate protection	
	Rating 2010: in the insurance sector, ranked 4 among 108	

Growth and Responsibility – Munich Re contribution to climate change mitigation

## Continuous and transparent reporting on Group-wide CR activities



<http://www.munichre.com/corporate-responsibility>

Stemap | Contact | RSS/OML | Privacy Statement | Legal Notice | Imprint | Deutsch | Search

**Munich RE** **CORPORATE RESPONSIBILITY**

MUNICH RE > CHALLENGES RESPONSIBLE MANAGEMENT SUSTAINABLE PRODUCTS COMMITMENTS FACTS AND FIGURES

» Home

### CHALLENGES

Action not reaction

Munich Re's business environment is in flux, presenting ever new opportunities and risks. Formative parameters, such as climate change, technological progress, the globalised financial markets and demographic trends, constitute major challenges. Munich Re meets these challenges actively and flexibly with tailor-made solutions.

Humanity is facing a multitude of global challenges. Munich Re has identified several of these as particularly significant for the insurance industry and itself. Besides

#### Climate change

Munich Re was one of the pioneers in analysing climate change. We are continually expanding this competence. » more

#### New technologies

Munich Re has a long record of supporting progress and the spread of new technology through tailor-made cover concepts. » more

#### Service Links

- » About Munich Re
- » Contact
- » Downloads
- » GRI & Global Compact
- » Glossary
- » FAQs
- » Search

## Contact us!



For specific questions about Corporate Responsibility:  
**Dr. Astrid Zwick**  
**Munich Re / Corporate Responsibility**  
<http://www.munichre.com/corporate-responsibility>

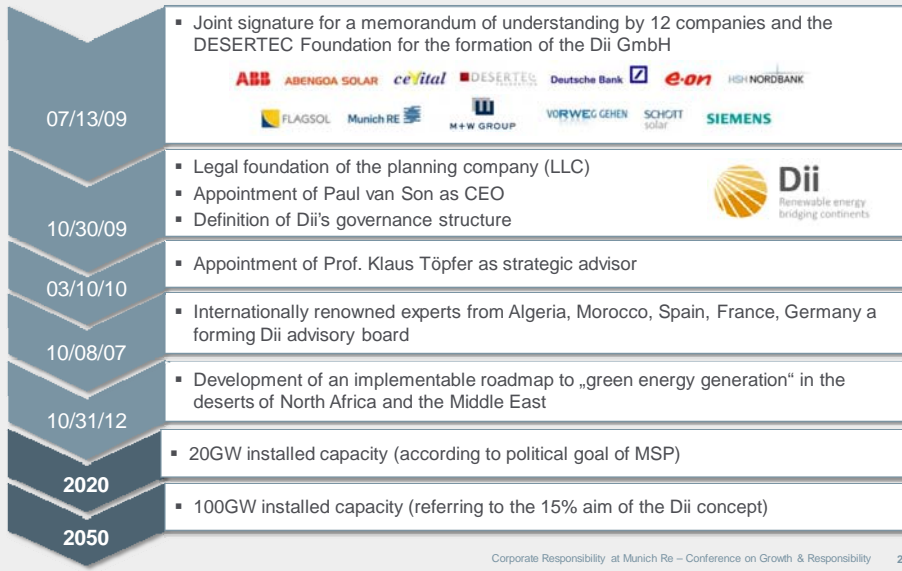


For specific questions about Climate Change and renewable energy:  
**Professor Dr. Dr. Peter Höppe & Ernst Rauch**  
**Munich Re / Corporate Climate Centre**  
Königinstrasse 107  
80802 Munich  
Germany

## Backup



## Dii GmbH – Energy from the deserts Milestones



## Clean energy investments 2010



Total global investments in clean energy in 2010, including all asset classes (US\$ bn)

