CORPORATE RESPONSIBILITY @ Munich Re

Dr. Astrid Zwick, Head Corporate Responsibility, Munich Re
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Content

- Relevance of Corporate Responsibility
- Corporate Responsibility @ Munich Re
  - Our strategic approach
  - Developing „Principles for Sustainable Insurance“
Why corporate responsibility?

The principle of sustainability –
The start of long-term management

“One should only strike as many trees as
can grow back, (...to secure the stock
for the future and live from the 'interest'."
(Hans Carl von Carlowitz, 1713)

Sustainability – more important for
corporate responsibility today than ever

“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...”

Corporate responsibility (CR) increasingly relevant for stakeholders - competitive advantage

- National legislation on CR reporting (e.g. EU, F, D, UK, NL, S-Africa)
- Climate regulation (e.g. UK Carbon Commitment, China, India)
- Increase of SRI* investments
- Demand for SRI information also by mainstream investors
- Demand on transparency
- Change in customer behaviour (e.g. LÖHAS**)
- CR as strategic element & business opportunity
- Rise of reputational risks
- Financial crisis: question of responsible behaviour

* SRI = Socially Responsible Investment
**LÖHAS = Lifestyle of Health and Sustainability
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International cooperations of Munich Re – a strong commitment towards corporate responsibility

Examples

- **UNEP-FI**
  Munich Re has signed the climate declaration of the UNEPFI and is active member of the UNEPFI Climate Change Working Group.
  - since 1999

- **Principles for Responsible Investment (PRI)**
  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 2006

- **UN Global Compact**
  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

- **Principles for Sustainable Insurance (PSI)**
  Since September 2010 Munich Re holds the chair in the Insurance Commission with the aim to anchor ESG criteria into business and business operations.
  - since 2007
"CR is integral part of our corporate strategy and relevant for all business areas and operations":

- Munich Re actively also integrates ESG aspects into (re-)insurance and asset management
- Munich Re conducts active environmental management at its business sites and strives for carbon neutrality
- Munich Re assumes its responsibility as corporate citizen in areas close to its core business and in the area of culture and social need at its local operations.

Our mission: turning risk into sustainable value for our stakeholders

CR Strategy

Mission

"Thinking long-term for future business and future generations"

5 action fields in 1 group-wide CR programme

1. Strategy & Governance
   - CR strategy
   - CR governance
   - Compliance to UN Global Compact
2. CR in Business
   - Integration of CR issues into (re-)insurance business (PRI2)
   - Integration of CR issues into asset management (PRI3)
3. Environmental Management System (EMS)
   - CO2 neutrality
   - Global EMS strategy
4. Corporate Citizenship (CC)
   - Global strategy for CC
   - Lighthouse project
5. Reporting & Communication
   - Annual update of CR portal
   - Global CR reporting
   - Position in major SRI ratings
CR in business @ Munich Re:
New solutions for global challenges

How ESG issues are factored into business and turned into business solutions

Reinsurance / Munich Health

- Climate change
  - Nathan Risk Suite
  - Agro Systems
  - New coverage concepts in the area of renewable energy

Public Private Partnership
- Weather index based insurance

Health
- Managed care & prevention

Primary insurance

- Life insurance
  - Unit-linked life insurance with investment in SRI products

Motor insurance
- 10% premium rebate for environmentally friendly cars

Microinsurance
- Range of insurance products (e.g. health, property, personal accident, crop)
- Mobile phone based insurance solutions

Asset management/Investment

- SRI funds
  - 80% of investments in shares, corporate and government bonds in accordance with sustainability criteria
  - MEAG SRI funds

- RENT
  - Renewable Energies & New Technologies: investments: €2.5bn planned

- Desertec
  - CO2-free power generation in North Africa

Corporate Responsibility @ Munich Re: Our strategic approach

Climate neutrality based on environmental management and CO2 emission reductions

Our steps to climate neutrality

- Group environmental management with 20% of sites certified and approx. 60% staff covered

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

- 100% energy from renewables: e.g. Munich and Milan

- CO2 neutralization: purchasing CO2 certificates

Achieving climate neutrality
- Munich Re (Munich): climate neutral since 2009
- Munich Re (Group): 10% CO2 reduction and climate neutral by 2015
Corporate citizenship – responsibility for the community

Focus: science & education, environment, demographic change, health, natural catastrophes, cultural and social community projects

→ A new concept designed to link our commitment more closely to the challenges facing society
→ Project-based approach supported by the work of our three corporate foundations

Continuous and transparent reporting on group-wide CR activities

http://www.munichre.com/corporate-responsibility
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 response:
Principles for Sustainable Insurance (PSI)

Creating a global best practice framework that would facilitate the systematic consideration of environmental, social and governance (ESG) risks and opportunities in core insurance company strategies and operations.

Establishing a UN-backed global initiative of insurers proactively addressing ESG risks and opportunities based on their commitment to implement the Principles.

Participation of leading global insurance industry players chaired by Munich Re

The “Principles for Sustainable Insurance” - ESG along the value chain

Principles for Sustainable Insurance (PSI)
The objective of this initiative is to establish ESG (Environmental, Social and Governance) elements along the value chain of insurance.

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.
Over 500 insurance industry players and stakeholders

Broad external recognition for Munich Re’s CR performance

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<td>Permanently listed since 2001</td>
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<td>Rated „Prime“ in CR-Rating 2010; MR counts to the Best-in-Class-insurers</td>
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<td>Among the 50 companies that contribute substantially to solving global challenges</td>
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<td>Listed since 2005; among the global 100 companies that engage strongest for climate protection</td>
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<td>Rating 2011: range 1 of insurance sector</td>
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Contact us!

For specific questions please contact:

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Munich Re / Corporate Responsibility

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